# Daily Report

# East Europe

FBIS-EEU-91-109
Thursday
6 June 1991

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*FBIS-EEU-91-109* *6 June 1991*

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## Appointment of Prime Minister Reported

*AU0506170491 Tirana Radio Tirana Network in Albanian 1600 GMT 5 Jun 91*

[Zamire Koleci report—live]

[Text] Dear listeners, the People's Assembly began its proceedings at 1720 this afternoon. Presidency President Kastriot Islami informed deputies about a letter sent to the Presidency by President Ramiz Alia, which states: After accepting the resignation of the chairman of the Council of Ministers and consulting with representatives of the parliamentary groups and the political parties, on the basis of Paragraph Six of Article 28 of Law 7,491 dated 24 April 1991 on the principal constitutional dispositions, I decided, for the formation of a new government, to appoint Ylli Bufi to the post of chairman of the Council of Ministers.

The Presidency president then left the proceedings in the hands of Deputy President Lush Perpali, who continued the session with the approval of decrees.

Deputy Ali Spahia asked for the floor, and reported to deputies that an unpleasant incident took place yesterday evening in front of the Democratic Party's headquarters in Shkoder. A policeman was seriously injured. He died this morning in the hospital.

The deputies harshly condemned this incident and expressed indignation at this act of violence and terror. Deputy (Spiro Deraci) reported that a crowd of people had assaulted an ambulance in Durres.

As the proceedings continued, Deputy Fehmi Avdiu asked for the floor, stressed the necessity of defining the status of the armed forces, and condemned these illegal terrorist acts. Deputy Sali Berisha called for all democratic forces and the entire people to dissociate themselves from these acts, and for as swift as possible an investigation of the policeman's murder.

Gramoz Ruci suggested that the Executive Committee express its appreciation for this police employee, within the competence it possesses, and that three deputies should go to express their condolences to his family and attend the funeral.

Neritan Ceka said among other things that this tragedy should serve to unite us to combat all those who seek to threaten democracy. He then asked that this policeman be declared a martyr.

Jani Jani said that this recent incident showed once again that we must define the status of the armed forces. Pjeter Agnolli expressed the view that police should identify the culprit, and that in the meantime all honor should be paid to the victim.

The session went on to the item of the agenda concerning the examination and approval of decrees, more specifically the decree on the use of firearms by border guards, the forces of order, and military and civilian guards. The deputies then began to examine and approve all the articles individually. The deputies are now considering the first article of this decree.

We end our live report here, to rejoin you in the Evening News Review.

## Alia Urges Approval of Police, Land Laws

*AU0506125291 Tirana ATA in English 1214 GMT 5 Jun 91*

[Text] Tirana, June 5 (ATA)—The president of the Republic of Albania, Ramiz Alia, has sent a letter to the Presidency of the People's Assembly which says:

The recent events of the violation of the public order and the rules for the use of land of which I have learned also through the numerous letters and telegrams I have received from the people, make it necessary that the People's Assembly, as the only law-making organ and charged also with the control of the activity of the Council of Ministers, should concentrate more in defining the rapid and efficient measures for the defence of the state, cooperativist and personal property and the defence of the rights and freedoms of the nationals. Therefore, in order to observe the law "For the Main Constitutional Provisions" and other laws I suggest to the People's Assembly:

—To approve the law on the reorganization of the police, its status, the rights and tasks of policemen in adopting measures, etc.

—To prepare and approve the new law on the juridical regime of the land which will determine its ownership, use, or renting, etc.

—To follow and control, through commissions and deputies, the implementation of the existing laws on the protection of the order and the granting and usage of the land.

## Assembly Debates Use of Firearms

*AU0506193191 Tirana Radio Tirana Network in Albanian 1800 GMT 5 Jun 91*

[Zamire Koleci report—recorded]

[Text] Dear listeners, the People's Assembly began its proceedings at 1720 this afternoon. Presidency President Kastriot Islami informed deputies about a letter sent to the Presidency by President Ramiz Alia, which states: After accepting the resignation of the chairman of the Council of Ministers and consulting with representatives of the legislative groups and the political parties, on the basis of Paragraph Six of Article 28 of Law 7,491 dated 24 April 1991 on the principal constitutional dispositions, I decided, in forming the new government, to appoint Ylli Bufi to the post of chairman of the Council of Ministers.

The Presidency president then left the proceedings in the hands of Deputy President Lush Perpali, who continued the session with the approval of decrees.

The deputies examined the decree on the use of firearms by border guards and armed military and civilian guards. It was first approved in principle, and then considered article by article.

Article One states that border guards, the forces of public order, military guards, and armed civilian guards for the protection of the state border and the state and social order laid down in the Constitution of the Republic of Albania, whose legitimate rights and interests are threatened by an unjust and immediate attack, have the right to use firearms against the person or persons carrying out the attack. Deputies Gramoz Pashko, Bashkim Kopliku, Ahmet Kamberi, and Emin Musliu made comments and suggestions. The Legal Commission and the Commission for the Protection of Public Order and National Security also made suggestions. Because none of the proposals that were put to the vote won a majority of votes from the deputies present, the article was put to the vote as submitted. The article was approved by a majority of votes.

During the recess, Hajredin Shyti, minister of public order, reported that the policeman injured in front of the Democratic Party's headquarters in Shkoder, mentioned in the 1800 newscast, is in serious condition, but has not died.

Article Two, which states that forces guarding the state border have the right to use firearms on all occasions when:

a) The borders of the Republic of Albania are attacked by foreign military forces or the borders of the Republic are attacked by individuals or groups armed at home or abroad. The forces guarding the state border also have the right to use firearms when they are unable to carry out their duty to protect the state border in any other way without violating the border either from inside the country or from outside. [no further points in alphabetical order as heard]

In cases covered by Paragraph A of this article, fire may be opened on the orders of a superior officer, while in other cases fire may be opened according to the specific circumstances to paralyze or repulse the attack. The regulations laid down in this disposition also hold good for other armed forces or individuals coming to the help of the forces guarding the state border.

In connection with this article, the deputies, after reading it, made comments and suggestions, especially in relation to Paragraph C. These related to the question of whether this paragraph should stand or not. They argued that it should not stand, saying that [words indistinct] we cannot allow violators of the border to be shot at. One deputy said that the law should have the protection of human rights at the center of its attention.

The deputies continued their debate, and we are waiting for the proposals that have been forwarded to be put to the vote. The Assembly's proceedings continue.

## Oil Workers Independent From Other Unions

*AU0506204691 Tirana Radio Tirana Network in Albanian 1800 GMT 5 Jun 91*

[Text] A declaration by the Presidium of the Independent Trade Union of Oil Workers stresses that this organization, which includes about 30,000 workers, is not a member of any Albanian trade union organization and does not allow any organization or individual to speak in its name, as has been the case until today. In the demands submitted to the former government, our trade union stated that it would use all democratic means at its disposal as far as a partial five-day strike. They did not want a general strike. Although the decision of the Organizing Council favored a general strike, the workers themselves considered that it would paralyze and devastate the economy, alongside the indifferent attitude of the ministry and the government. Our organization expresses solidarity with the general strike. Soon, we will repeat our demands. We appeal to the new government, the declaration states, to appreciate the seriousness of our demands, and to provide a concrete settlement. Otherwise, we will go on strike. The Independent Trade Union of Oil Workers, supporting the new political settlement, nevertheless protests its exclusion from the consultations of the political parties.

## BSPSh 'Solidarity' Rallies in Tirana, Fier

*AU0506204291 Tirana Radio Tirana Network in Albanian 1800 GMT 5 Jun 91*

[Text] To mark the end of the hunger strike, the Tirana Branch of the Union of Independent Albanian Trade Unions [BSPSh] organized a solidarity rally this morning at the Tirana glassworks, in which workers who had been on hunger strike, other strikers, trade union representatives from the city's combines and factories, students, and others took part. The rally was opened by chairman of the Central Initiating Commission for the Creation of the Social Party—excuse me, Fahrudin Kerruqi [passage as heard]—who said that the trade unions are in opposition to any political force that comes to power and they will struggle by democratic ways and means to improve our workers' working and living conditions.

(Ibrahim Kiciku), secretary of the Initiating Commission for Tirana, pointed out that the 70,000 participants in the general strike in this district are determined to continue the strike until discussions with the new government over fulfilling the 17 demands submitted by the BSPSh. Above all, our first demand is that the new government should pay all the striking workers for all the days of their strike, which is a legitimate right. Sami Kariqi, chairman of the Valias Independent Trade Union; Haxhi Shaqa, representative of the Independent Trade Union of the glassworks, and others

also spoke at the rally, stressing their determination to continue the general strike until the demands submitted on 9 April are met.

The BSPSh district branch also organized a similar rally involving striking workers on Victory Square in the town of Fier this morning. Arshi Cobo spoke in the name of the Strike Committee and the district BSPSh. Among other things, he said that we support the political consensus for the creation of a government of national stability and for new elections, but we will never make any compromise until this government meets our fair demands.

Representatives of the trade unions of the district enterprises involved in the strike and the leaders of political parties in the district who supported the fair demands of the strikers also spoke at the rally.

### Assembly Presidency Upholds Trade Union Protest

*AU0506125891 Tirana ATA in English 0937 GMT 5 Jun 91*

[Text] Tirana, June 5 (ATA)—The Presidency of the People's Assembly and the chairmen of the parliament groups consider the protest of the Organising Commission of the Trade Unions Federation of Albania as righteous, making it clear that there is no prejudice for the fact that they were not invited to attend their meeting. We also make it clear that the new premier will conduct meetings with all the parties and trade unions concerning the establishment of social peace. On this basis the Presidency of the People's Assembly and the chairmen of the parliamentary groups call on this Trade Unions Federation to render its contribution to social peace under the grave economic, political and social circumstances.

### Shooting Incidents in Lezhe, Shkoder Reported

*AU0506203491 Tirana Radio Tirana Network in Albanian 1800 GMT 5 Jun 91*

[Statement by the Ministry of Public Order issued on 5 June]

[Text] The Ministry of Public Order has issued the following statement on three incidents:

1. On 4 June, Mark Vathi from the village of Rrile in Lezhe District, who has committed several crimes in recent days, fired at a civilian motor car, hitting it with three bullets. The forces of order followed in his tracks and he fired on them in a surprise attack, seriously wounding officer Genc Fejzullahu. He has now taken cover in the home of his father-in-law Prenk Haberi in the village of Kallmet, where he is holding some members of Prenk's family hostage.

2. At about 0100 on 5 June, police patrol in the city of Shkoder tried to stop a number of horse-drawn carts, but was fired on. The patrol also responded with firearms. The carts escaped at high speed and encountered another police patrol in another street, at which they also fired. Various goods to the value of 40,000 leks fell from the carts in the streets, and it was proved that they had been stolen from the foreign currency store.

3. At about 0300 on 5 June, the attention of policeman Baki Cela, who was standing guard at the door of the headquarters of the Democratic Party, was drawn by a thrown stone. When the policeman reacted, he was shot in the back and fell. The authors of the crime jumped from the surrounding wall, hurled themselves on the policeman and stole his pistol. The motives of the authors of this crime are still not clear; after wounding the policeman they had no time to do anything else, because residents from nearby houses came to the policeman's help. We only obtained some preliminary evidence about the culprits, because the victim's state of health has worsened. In the view of experts, who expressed their opinion after the removal of the bullet found in his back, the shooting was premeditated.

The units of public order are continuing in their efforts to catch the culprits of these crimes.

## President Zhelev Addresses National Assembly

*AU0506174091 Sofia Khorizont Radio Network in Bulgarian 1558 GMT 5 Jun 91*

[Address by President Zhelyu Zhelev to the session of the Seventh Grand National Assembly in Sofia—live]

[Text] Esteemed Mr. Chairman, esteemed National Assembly deputies: It will soon be 11 months since the Grand National Assembly started its work. The Grand National Assembly was convened for the purpose of adopting the new constitution, which was supposed to consolidate the achievements of the transition from the totalitarian regime to democracy and from a centralized economy to a market economy, and last, but not least to provide full guarantees for the irreversible nature of the transition.

After this, the Grand National Assembly was supposed to be dissolved, so elections for an ordinary Assembly might take place.

The fact that the current term of office of the Grand National Assembly coincided with a period of severe economic crisis that affected the country and that made the prompt beginning of the economic reform necessary forced the National Assembly to deal with extensive legislative tasks. This was the cause of the delay in the passing of the new constitution and also for the postponement of the new elections.

Today, whatever our evaluation of the Grand National Assembly may be, we cannot overlook the fact that it passed 51 bills and adopted 145 decisions without which the country could not have implemented any changes whatsoever.

Among the bills passed in the political and administrative sphere I would like to mention the following:

The bill on amendments and addenda to the Law on Political Parties. This bill refers to the depoliticization of the Army, the militia, the courts of justice, the Ministry of Internal Affairs, and others.

The bill on amendments and addenda to the Law on People's Councils, which refers to the establishment of provisional local governments.

The bill on amnesty and on the restitution of confiscated property; the bill on amending the Law on the General Conscription and Military Service, by which the term of military service was reduced to 18 months.

Two bills on amending the Constitution were also adopted. A bill on amendments and addenda to the penal code was also passed.

Among the laws in the economic sector I would like to mention the following:

The bill on accounting; the bill on the land reform; the bill on statistics; the bill on protection of business competition; the bill on trade; the bill on foreign investments; the bill on amending the Law on State Monopoly Over Petrochemical Products; and the bills on amending Decree No. 56. I would also like to mention the bills related to the social sphere, such as the bill on national health, the bill on amendments and addenda to the Law on Pensions.

Two bills were passed on amendments and addenda to the Labor Code. A bill was also passed on amendments and addenda to the Law on Settling Labor Disputes.

All these bills and those which I did not mention created the legal basis for the change of the country's political and economic system. The fact that at this very moment a radical reform is under way in our country is a result of the bills passed by parliament.

I think that efforts to present the new laws as far from perfect, as full of shortcomings, and so forth, are not quite honest and cannot be taken seriously. These laws certainly have some shortcomings, some of them may even have major shortcomings. However, ladies and gentlemen, I can tell you that there is no such thing as a perfect law, and for this reason laws are constantly subject to improvements and amendments.

During our visit to Hungary our hosts told us that the privatization law in that country had been amended five or six times.

Anyway, a reform is taking place in Bulgaria on the basis of these laws. It is not a reform of the socialist type, not even of a social democratic type of reform, but a real, liberal reform. This reform, at least for the time being, has been highly valued by outstanding international institutions and authoritative figures abroad. Therefore it is not decent to negate the laws adopted by the Grand National Assembly and to dismiss the total work of our assembly in such a biased manner.

It is even more indecent to insult the people who remained to work in the legislature for the sake of passing the necessary bills and the constitution. [applause]

The country needs a legislature. Not only the reform is based on its legislative activities. The government and the presidential institution are based on it, on the grounds that they were elected by the legislature. If the legislature should be overthrown in some way, the two other institutions would also collapse. This applies to the government in particular, which is essentially a coalition government.

Nevertheless, let us look at things from the historical aspect: If the legislature should cease to exist tomorrow, there would be no one capable of adopting the country's budget, there would be no one authorized to make amendments to the Labor Code, so the transition to free labor contracts might be implemented. There would be no one to ratify the loans we are expected to obtain and are already partially receiving from the World Bank, the

EC, the Group of 24, and so forth. Therefore, if the Grand National Assembly should decide to dissolve tomorrow, for any reason, it should continue to exert the function of an ordinary National Assembly until the next elections, so it may be convened as soon as this becomes necessary to pursue the reform.

Declarations are frequently made in the legislature and on other occasions in support of the government and the president. In most cases I have no reason to doubt the sincerity of such declarations. However, things have their own logic. In case the legislature should collapse, the existence of the two other institutions would be questioned to a certain extent. Then, even with the best intentions, the declarations in support of the presidential institution would practically support the president in the same manner as the cord supports a man who is hanged. [applause, laughter].

I support the decision of the Grand National Assembly adopted on 28 May on the self-dissolution of the legislature by 17 July. I think, however, that it is incorrect to claim that the dissolution should follow the adoption of the Constitution as an aboslutely necessary condition. If the legislature has adopted such a commitment in public, it should dissolve on schedule, regardless of whether it has passed the constitution or not. This is my personal opinion. [applause]

In the opposite case everything would be questioned. There is even more: I think that if in the process of work on the constitution, the legislature should encounter some insurmountable difficulties, the self-dissolution should take place even earlier, so as to hold the elections as soon as possible. I am saying this despite my ardent wish that the Grand National Assembly adopt the constitution.

I also welcome the cancellation of items 2, 3, and 4 of the same decision related to the referendum. I wanted to plead for calling off the referendum at length, because of its extreme unpopularity within the country, among the broad public, where opinions were shortly expressed in the following manner: Is this all that Bulgaria needs at this point? Why is the referendum necessary, what are the reasons for it, and so forth.

The reactions abroad were similar. The announcement of the decision evoked amazement, surprise, and puzzlement that we could so lightheartedly question the legitimately elected institutions in our country.

It is possible that some people might now take advantage of the new decision on the referendum for manipulations. I think that it was a wise decision that, far from discrediting the prestige of the Grand National Assembly, has enhanced it.

Therefore, I will no longer dwell on this issue. The decision of 28 May 1991 is very important because it clarifies two essential questions: The final deadline for the self-dissolution of the Grand National Assembly and the closest possible schedule for the next elections should be set for 17 July 1991 or for the first half, or the middle of September 1991.

Esteemed National Assembly deputies, I emphasize this aspect of the question because it is of exceptionally great importance for civic peace in the country. We already lied to people twice about holding elections. The first time the elections were supposed to take place by the end of 1990. The second time they were scheduled for May or June 1991. In both cases there were no elections.

Despite the fact that objective reasons existed for this postponement, reasons that really exist, people ceased to believe us. They are doubting our declarations and our political agreements. They still do not believe us and do not trust our decision.

Therefore we need precise deadlines for the self-dissolution of the legislature and the scheduling of elections, and also guarantees that this will happen by all means and the the decisions will be implemented without any (?delays) and conditions.

We often point out the role of the institutions guaranteeing civic peace and the role of the legislature are most frequently mentioned in this respect. However, if we should be more precise and sincere we should say that civic peace begins with the mutual confidence of the political forces and with the consensus among them, irrespective of the dramatic involvements that may precede this consensus.

Civic peace depends on mutual confidence among citizens, irrespective of the diversity of their opinions and political convictions. Civic peace begins with the civic society itself. If it is not there, public institutions can hardly protect it and even less create it.

In this respect I would like to resume the subject of the constitution.

I am personally very disturbed by the absence of a group of National Assembly deputies from the legislature.

[Words indistinct] If this group continues to increase, the legislature's moral right to adopt the constitution would be questioned. Even more so since there are highly qualified specialists in this group. I am not talking about the formal majority required to vote for the constitution, even if it requires a two-thirds majority. If on 17 July 1991 the constitution is signed by 267 deputies, by 280, or 300 deputies, would this be normal? Would this be a constitution that really reflects the social contract among political forces and the [word indistinct] of this country.

These questions are painful for me personally and I have no solution for them. However, I am convinced that the legislature must invite these National Assembly deputies and make new contacts with them. It should consider their opinions and their conditions for reaching a common consensus, an agreement on the constitution, because the adoption of a constitution requires civic

consensus on that constitution, and this is no less important than the contents of the constitution itself. There is a hope for doing this, considering that the broad public discussion over the radio and in the media evoked a great number of remarks and proposals. These I hope were taken into consideration and represent a basis for a democratic discussion and for the search for a consensus.

Thank you for your attention. [prolonged applause]

### National Assembly Reverses Decision on Referendum

*AU0506193791 Sofia BTA in English 1720 GMT 5 Jun 91*

[Text] Sofia, June 5 (BTA)—Today parliament repealed the decision it adopted only a week ago to hold a referendum on Bulgaria's form of government in July. The only explanation given is that the conditions have changed in the meantime. The other parliamentary decisions: For putting the new Constitution to a final vote on July 17, for the dissolution of parliament and for holding new elections in September, are still valid.

The M.P's of the Union of Democratic Forces (SDS) who walked out of parliament were the first to oppose the decision to hold a referendum. They said they had demanded new elections and not a referendum which, according to them, would further divide the Bulgarian society. The Bulgarian Agrarian Party (BZNS) and the extra-parliamentary parties also opposed the decision to hold a referendum.

Prominent jurists said that the May 28 parliamentary resolution was legally ungrounded in the part concerning the referendum.

Last night and before the plenary session today there were consultations between the representatives of the parties which remained in parliament. Immediately after that Mr. Ginyo Ganev, deputy chairman of the Grand National Assembly, moved to repeal the decision on the referendum. All the speakers supported him, including Mr. Petur Dertliev, leader of the Bulgarian Social Democratic Party, who put forward the idea of the referendum a week ago. "The legitimacy of the Republic of Bulgaria is beyond any doubt," he said.

I am left with the impression that the Grand National Assembly is a toy in someone's hands, Mr. Dimitur Arnaudov, M.P. of the Fatherland Party of Labor Party, said in connection with the motion to repeal the decision which was adopted only a week ago without any explanation.

An Ecoglasnost M.P. suggested that a clause be included in the new Constitution that the form of government cannot be questioned.

Asked by a BTA reporter what made parliament repeal its decision, Mr. Dertliev explained that "all who insisted on holding the referendum are now against it." An M.P. who wished to remain anonymous, said that among the "changes" that had taken place over the past week is the return from exile of the prominent BZNS figure Tsenko Barev, the recent activity of Simeon II, the last Bulgarian monarch, and the indecisiveness of the president.

### Reaction to Cancellation

*AU0606083591 Sofia BTA in English 2009 GMT 5 Jun 91*

[Text] Sofia, June 5 (BTA)—A genuinely liberal reform is underway in Bulgaria, Bulgaria's President Dr. Zhelyu Zhelev said today defending the Grand National Assembly. Dr. Zhelev warned that if parliament falls this would shake the positions of both the government and the president. The president spoke for setting a date for the elections, which should be observed.

Today the Grand National Assembly repealed its decision of a week ago to hold a referendum on the form of government. Both the taking and the repealing of this decision were preceded by consultations between the leaders of the political parties with the participation of the president. The members of the parliamentary factions supported their leaders but today one of the MP's, unable to restrain himself, exclaimed: They've made fools of us. A bill on the plebiscite had been prepared shortly before the decision was repealed.

Today's decision revived the public's interest towards the sessions of the Grand National Assembly which has been flagging since one-third of the MP's of the Union of Democratic Forces (SDS) walked out.

The repealing of the decision on holding a referendum was also a target of ridicules. They are an expression of the irritation felt by part of the electorate at the inefficient, according to them, work of parliament. The demands for holding new elections immediately are becoming ever more persistent. The SDS organization in Pirin Macedonia called for a political strike in support of these demands.

"Group 39," the MP's who walked out of parliament, warned that only prompt elections can help avoid a parliamentary crisis and an escalation of political tensions.

The MP's who walked out of parliament, trying to bring about its self-dissolution, failed to persuade their 350 colleagues of the Bulgarian Socialist Party (BSP) majority, of the Bulgarian Agrarian Union (BZNS) and of the Movement for Rights and Freedoms (DPS), to follow suit. But the "Group 39" may regard as its victory the fact that today parliament repealed its own decision, which the group had described as unfounded. Or perhaps it is a gesture aimed at predisposing the MP's "on strike" to return to the Grand National Assembly.

It became known that the radicals had been persuaded to return and support the government's efforts in the economic reform. Today the president proposed to invite

the radicals to come back in parliament The government's economic policy, aimed at the establishment of market economy, has received positive assessment abroad. Perhaps this is the reason why the grip on the government is tightening, some people warn. "We do not intend to unseat the government, we do not intend to organize a general strike," the Podkrepa Labour Confederation declared to which the socialist press is channeling the suspicions.

Today Podkrepa started consultations with the government and will perhaps resume its participation in the tripartite commission, working on the second stage of the reform.

### Government Adopts Decree on Unemployment Measures

*AU0606102491 Sofia BTA in English 0951 GMT 6 Jun 91*

[Text] Sofia, June 6 (BTA)—Today the Council of Ministers adopted a decree under which the companies which set up new jobs will be granted credits at lower interest rates. The decree is seeking to solve the most urgent problems of unemployment. It provides for administrative measures to limit unemployment which has reached 200,000 people. According to the trade unions, the critical limit of 300,000 people will be reached in two to three months. The decree also envisages incentives for companies which appoint young specialists, highly-qualified workers and handicapped people. It also stipulates measures that will force the companies to dismiss working pensioners, whose number is now being estimated at 800,000 people. In order to help the movement of the labour force the ministry of employment and social welfare undertakes to cover travel expenses for up to 100 km.

### KNSB Continues Negotiations With Government

*AU0506163791 Sofia BTA in English 1458 GMT 5 Jun 91*

[Text] Sofia, June 5 (BTA)—The Confederation of Independent Trade Unions in Bulgaria (KNSB) will continue the negotiations with the government and the employers on the second stage of the economic reform, it will sign a new agreement on social peace under certain conditions, the resolution of the Coordinating Council of the KNSB reads. This decision was made after one-day debates of the National Consultative Council, convened specially in this connection.

The conditions the resolution indicates as obligatory include a 100 per cent compensation parallel to the rise of prices, an 8 per cent critical limit of unemployment, the passing of an updated 1991 national budget, governmental report on the results of the first stage of the reform and preliminary information on all planned measures.

If the Podkrepa Labor Confederation, the other trade union amalgamation which left the negotiations two days ago, refuses to sign the agreement on social peace, then the KNSB has been authorized to sign the document unilaterally, said Prof. Krustyo Petkov, the leader of the KNSB.

### Ovcharov Trial Continues, Verdict Expected

*AU0506232591 Sofia BTA in English 1843 GMT 5 Jun 91*

[Text] Sofia, June 5 (BTA)—A suspended sentence has been demanded for the Former minister of the Economy and Planning, Stoyan Ovcharov. The trial against Mr. Ovcharov has been going on for five months now. The former minister is accused of malpractice, more specifically, of sending the grandson of the former No.1 Todor Zhivkov to study in Switzerland at the expense of the Bulgarian state without legal grounds.

Today Prosecutor Angel Iliev demanded that the defendant be sentenced under an article of the Penal Code envisaging one to eight years of imprisonment. However, taking into consideration certain mitigating circumstances and the personality of the defendant, the prosecutor demanded a three-year suspended sentence. By arranging a state scholarship for Todor Zhivkov's grandson, Todor Slavkov, Mr. Ovcharov did damage worth some 8,000 Swiss francs to the state. A few days ago a well-informed source told BTA that the "grandson" operation had cost the state much more but that part of the expenses were covered by the former Security and Protection Department and part by the International Olympic Committee. (Todor Slavkov's father is the chairman of the Bulgarian Olympic Committee.) In his speech the prosecutor said that Mr. Ovcharov's act is part of the abuses committed under Zhivkov's regime. So far none of the former "leaders" has faced Themis with a bowed head. This trial should raise the curtain upon the crimes of Zhivkovism, the prosecutor said.

Mr. Ovcharov's defence lawyer refuted all charges against his client while the defendant described the trial as a political machination, an attempt to use him as a scapegoat.

The court will pass judgment tomorrow.

## Account of Closed-Door Budmerice Summit

*AU0506090191 Bratislava NARODNA OBRODA in Slovak 3 Jun 91 pp 1, 3*

[Julius Gembicky report: "The Constitutional Process Has Not Come to a Halt; Report from the Forbidden Room at Budmerice"]

[Excerpts] Budmerice— Friday [31 May] afternoon, CSFR President Vaclav Havel and representatives of Czech and Slovak political forces sat down at the conference table of the "forbidden room" in Budmerice Castle. No journalist managed to sneak into that room. We all depended on the sparing summation provided by Presidential Spokesman Michael Zantovsky. Nonetheless, we have managed to obtain an authentic account of what was said at Budmerice.

Vaclav Havel:

At the outset he summed up the results of the previous talks [on a new constitution] held at the Vikarka restaurant, at Prague Castle, and at Lany. Explaining his own role, he said that he considered it his moral duty to assist in the preparation of a new constitution. He once again put forward his original idea, according to which the adoption of the Federal Constitution should be preceded by some kind of a political declaration in the Federal Assembly containing the joint will of political parties and movements, as well as prominent personalities of the arts and sciences, to live in a federal state. This declaration should not have the character of a legal act, but of some sort of moral and political appeal.

He sketched the basic outlines of the course of action on the Czech and Slovak sides in drawing up the constitutions. He considers it positive that their approach is moving away from extreme positions toward an agreement. He conceded, however, that a consensus is far from being reached and that great disagreements [divergencia] about the future legal arrangement of the CSFR state remain a fact even after [the last round of talks held at] Lany. The Czech political representation has started to work on the contours of something between a political declaration and the legal act of a state agreement. President Havel deems it more feasible to deal with the issue of passing constitutions through a Federal Assembly resolution, which the overwhelming majority of the Slovak political representation considers absurd. The issue of a state treaty or agreement [between the Czech Republic and the Slovak Republic] should be institutionalized by the prior adoption of a law setting out the whole process of drafting constitutions, in the form of an amendment to the 1968 law on the Czechoslovak Federation. According to representatives of Slovak political parties and movements, however, such a resolution would have no chance of being passed by the Federal Assembly. The president and the Czech political representation regard this course of action as the most feasible one. The president drew attention to the fact that the meeting at Budmerice is the first one at which opposition parties are represented. He said that he would consider it a great misfortune and a defeat for democratic power if the constitution were not adopted prior to the elections [scheduled for mid-1992]. He considers this idea fundamental and asked the participants in the meeting to focus in the debate not on the procedural aspects of adopting of agreement between the republics but, above all, on the contents of such an agreement, with special emphasis on the division of powers between the republics and the Federation. [passage omitted].

Petr Pithart:

The Czech prime minister went right to the heart of the matter—to the problem of power-sharing. Unfortunately, at this stage when we do not know whether the state will have legal continuity and whether we want to have a federation or not, a debate on the division of powers seems to be a remote problem, one that should be left for future rounds of talks. According to Mr. Pithart, the approved division of powers in the sphere of energy policy should be reassessed. He conveyed the position of the Czech Government that decisions on big energy [velka energetika], in particular, should fall within the jurisdiction of the Federal Government. Another contentious issue proposed by the Czech prime minister, as far as power-sharing is concerned, concerns foreign trade policy. With the exception of customs policy, it should be transferred from the level of the republics to the level of economic entities, that is, enterprises and organizations. The [Czech Government's] third demand in the area of powers concerns the formation of a single bank of issue.

Jan Carnogursky:

The Slovak prime minister said that he went to the meeting at Budmerice with misgivings. He expressed surprise at the ideas aired by several representatives of Czech political parties and movements, according to which some powers ought to be returned to the federal level. He stressed that in his opinion, the only issue that ought to remain on the federal level is a common currency and fiscal policy.

Pavel Rychetsky:

The Federal deputy prime minister conveyed the position of the Civic Movement. According to him, it is necessary at the current and future talks to discuss in principle four issues. 1—whether we want a common state (he noted that so far no one has expressed opposition to this); 2—the form of the Federation; 3—the contents of the Federation; 4—the method of giving shape to the Federation.

Speaking on the first point, he said that no one has the right to break up this Federation, no one has been empowered or authorized to do that. A decision on dissolving the Federation can be made only by the two nations in a referendum. (Thereby he challenged the right of the smaller republic to secede from the alliance at any time; it cannot be prevented from doing so by a decision made by the majority nation in a referendum.)

As for the form of the state, Deputy Prime Minister Rychetsky does not consider it correct to replace the national-political principle of forming the Federation by anything but the national principle. He refused to deal with the issue of power-sharing in any detail. He proposed that in the first stage, one should examine which powers are functional and which are not. He proposed separate systems of taxation—federal, republican, and local ones. Speaking about the fourth point, he deplored the fact that since the first meeting [between Czech, Slovak, and Federal representatives] at Slavkov, the views have not been drawing any closer but drifting apart. In the opinion of the Civic Movement, a treaty, agreement, or state treaty contains the danger of the Federation breaking up. It fears that a treaty could enshrine the right of any of the republics to secede from the common alliance at any time. The Civic Movement is rather in favor of a general referendum. It does not insist exclusively on such a solution, but it is strictly opposed to any form of treaty.

Pavel Cermak:

He represented Vaclav Klaus and his Civic Democratic Party at the talks. He said that treaties and agreements are legally questionable (if we move within the existing legal framework), which is why he does not advocate such a form of constitutional arrangement. He vigorously rejected the idea of limiting the duration of the Republic or the Federation by a treaty. Thereby he actually denied the right of either republic to secede from the common alliance at any time.

Jozef Prokes:

He expressed the unchanging position of the Slovak National Party, which insists that in concluding any treaty, the international character of this treaty must be accepted. He demanded that the Slovak Republic become a subject under international law and that the treaty between the Slovak Republic and the Czech Republic, too, must have an international character. (Neither the Slovak Republic nor the Czech Republic are subjects under international law. They could obtain this status only if they wanted to.) He asked representatives of the Czech political scene why they are opposed to such a treaty having an international character.

Jan Kalvoda:

The representative of the Civic Democratic Alliance rejected the idea of a "contract" between national councils. He, too, expressed the view that first it is necessary to establish whether the idea of a common state is alive in both republics. The idea of a common state is something sacred and therefore must not become subject to any kind of a "deal."

Emanuel Mandler:

This deputy to the Federal Assembly, who represents the Liberal Democratic Party, sees an optimal constitutional arrangement in the reintroduction of the regional arrangement [krajinske zriadenie]. He voiced clear preference for the Constitution and the state treaty being adopted by the Federal Assembly.

Vaclav Benda:

The representative of the Christian Democratic Party endorsed the idea of a common state. But he cannot imagine a state whose existence is limited in time. The creation of the Federation, as well as its extinction, should always be decided by referendums. He stressed that in drawing up the constitutions, it is not only the sovereignty of the republics that needs to be considered, but also the sovereignty of the Federation. He favors a union-type arrangement [spolkove usporiadanie] of the future Federation.

Pavol Kanis:

The representative of the Communist Party of Bohemia and Moravia [as published] appreciated the growing political culture of the government coalition, reflected in the invitation of his party to the Budmerice talks. [passage omitted] He recommended that everyone seek ways of making the constitution an integrating factor in society. The implementation of economic reform has a disintegrating effect already. If the drafting of the constitution becomes another disintegrating factor, the situation will get even worse. Communists and the Party of the Democratic Left favor a common state. As for the method of forming the Federation, they accept the proposal of the Christian Democratic Movement that it take the form of a state treaty and the proposal of the Czech National Council that there be an agreement based on the result of a referendum, to be ratified by the national councils. As for the president's proposals, they endorse the idea of a joint declaration in the Federal Assembly. The powers of the Federation should comprise defense, foreign policy, and currency issues.

Josef Lux:

In his statement, the chairman of the Czechoslovak People's Party advocated a tripartite Federation. (This, too, makes it apparent that the Czechoslovak People's Party seeks political support mainly in Christian-oriented Moravia as a counterbalance to atheistic Bohemia.)

Miklos Duray:

The Egyutteles movement, too, proceeds from the concept of a Federation, but not a Federation based on the national principle, but one built on the civic principle. Mr. Duray pressed for the drafting of constitutions from above. The Egyutteles movement also supports Havel's idea of adopting a resolution in the Federal Assembly. Referring to Mr. Benda, he said that were the Federation to be built on the national principle, there would be first-class and second-class citizens in our country. He advocated a union-type arrangement with cultural autonomy for minorities in areas where they represent the majority.

Jozef Kucerak:

The Public Against Violence movement views powers and the division of powers in conjunction with the priority needs of the economy. He gave the example of the problem of conversion in Slovakia. At the beginning it was a federal problem but, after the division of powers, it became a problem of the Slovak Republic and it is becoming apparent that it is now more difficult to tackle. Powers could be either more on the federal level or more on the republican level; in short, they could be flexible. He proposed a special republican tax, a single currency, and a single monetary policy.

Emil Scuka:

The representative of the Romany Civic Initiative promoted the idea of a union-type arrangement and a tripartite Federation. As for the division of powers, the position of the Romany Civic Initiative is identical with that upheld by J. Kucerak, on the understanding that questions of human and minority rights would be within federal jurisdiction.

Laszlo Nagy:

The representative of the Hungarian Independent Initiative endorsed the idea of a state treaty between the Slovak National Council and the Czech National Council. He proposed that the treaty have two parts, with the first part setting out the constitutional arrangement and the second part the division of powers. He proposed that the powers be subdivided into three categories: minimal, maximal, and flexible.

Zdenek Vyslouzil:

He spoke on behalf of 10 deputies from the Movement for Self-Governing Democracy/Society for Moravia and Silesia. He advocated the idea of a Federation made up of several constituent parts, but did not demand the recognition of a Moravian nation. He pressed for the elimination of the dualist Federation. He said that the problem of Moravia was the acid test of democracy. Moravia never wanted to have its own state. He opposed the misuse of the Moravians' national feelings, saying that they should decide about the constitutional arrangement in a referendum. He proposed that the Federal Constitution be passed at a joint session of the Federal Assembly, the Slovak National Council, and the Czech National Council.

Boleslav Barta:

Like the Czechoslovak People's Party, this representative of the Movement for Self-Governing Democracy/Society for Moravia and Silesia endorsed the idea of a common state having more than two subjects. The important thing is not when the constitution will be adopted, but the quality of it. [passage omitted] According to public opinion poll results, 56 percent of the inhabitants of Moravia avow allegiance to the Moravian nationality, 5 percent to the Silesian nationality, and between 6 and 8 percent to the Czech nationality. The others see themselves as members of an independent branch of the Czech nation. [passage omitted]

## Czech Prime Minister Forms Civic Movement Club

*LD0606031791 Prague CTK in English 2037 GMT 5 Jun 91*

[Text] Prague June 5 (CTK)—Czech Premier Petr Pithart said today the "Club of Czech Realism" which he is forming within the framework of the Civic Movement (OH) does not represent a split in the OH.

At a press conference Pithart said the club should bring together people capable of sober political thinking and of countering old myths.

Lubor Kinst, secretary of the OH Republic Council, said the founding of the club should by no means be interpreted as the creation of an opposition within the OH. He said the OH defines itself as a liberal movement and so does the Club of Czech Realism.

Referring to a Czech government blueprint for action to be taken in the case of a break-up of Czechoslovakia, Pithart said the plan takes into account the circumstances surrounding a possible split, i.e. according to an agreement after long-term negotiations, or suddenly, or as the result of Slovakia pursuing a maverick economic policy.

## Pithart, Deputy View Economic Reform

*LD0506220391 Prague Ceskoslovensky Rozhlas Radio Network in Czech 1600 GMT 5 Jun 91*

[Stanislav Kuzel report on 5 June news briefing by Czech Prime Minister Petr Pithart and First Deputy Prime Minister Jan Strasky—recorded]

[Excerpts] Most of the questions at today's press briefing with the Czech prime minister and the vice prime minister were addressed to Mr. Strasky, who was appointed to this post to replace Frantisek Vlasak, who is ill. Because it was the Civic Democratic Party which pushed through Mr. Strasky's appointment, I asked both Prime Minister Pithart and Mr. Strasky whether this will mean a shift of policy to the right and an increased drive for economic reform. Here is their answer.

[Pithart] This decision was first and foremost a simple fulfillment of the so-called Lany agreement. I am afraid that speculations such as whether the government will make a shift to the right is rather a matter for newspaper headlines. I would like to say that the Czech government is not thinking along these lines. It is more an issue for outside observers. Mr. Deputy Prime Minister Strasky hinted at something here when speaking about the prospects for individual economic ministers. In this respect, mine and his view of this issue are absolutely identical, because the ministries have and will have a purpose only as long as they have something to manage. What we are interested in is that the majority of enterprises should

leave the government-controlled sphere as soon as possible, but not headlong. I do not think that this constitutes a change in the government's conception. This may be some kind of look into the future, which has not been formulated in such an explicit manner yet, although we discussed the reduction of the ministries in the Czech National Council as long ago as the end of last year. And now it has been made more specific through the division made by Mr. Deputy Prime Minister Strasky.

[Strasky] I would like to add to this. I, too, would like to avoid this label. A label is stuck on certain goods if it describes them accurately. If success is reached in delivering the goods, or in other words, if we manage to introduce into the Czech government a vigorous approach to economic reform, then I will not mind at all if it is pegged to the right-wing approach. But I think that the vigorous approach is very much needed, although, on the other hand, I realize that I have arrived at the stage when the time for idling, which may have been necessary, is a matter of the past. [passage omitted]

[Kuzel] At the conclusion of the press briefing, Prime Minister Pithart answered a question about the position of the Czech government on the pronouncement of Slovak Prime Minister Carnogursky that Slovakia will enter the European Community as a separate subject.

[Pithart] I am least of all worried about statements of this kind because two subjects are needed for an entry to a grouping: the one who is entering and the one who is opening the doors. And we, or rather I—and in some cases, even in my presence, envoys of Slovak political representation—were assured that this is an unrealistic idea. After all, even if we were very optimistic, this will not become topical for another eight, nine, or 10 years and I am not at all worried about it. I think that this is rhetoric. Even if they wished to enter in this manner, someone would have to open the doors for them, as I said. And the standpoint on Yugoslavia is generally known. I hope, and I think that these very straightforward and powerful arguments are influencing the Slovak political representation these days.

### Czech Economic Minister Explains Production Slump

*AU0506140791 Prague MLADA FRONTA DNES in Czech 4 Jun 91 p 3*

[Article by Karel Dyba, Czech minister for economic policy and development: "We Do Not Need To Change the Scenario"—first paragraph is MLADA FRONTA DNES introduction]

[Text] There are a growing number of critics of the reform project who are demanding changes in the government scenario in view of the sharp decline in production over the past few months. Karel Dyba, minister of the Czech government, contemplates the fundamental reasons for this decline in this article he wrote exclusively for our paper.

According to the statistics, gross industrial production in the first quarter of this year was 10.5 percent lower than in the first quarter of last year. Is a misguided concept of reform "responsible" for this decline in industrial production?

Let us first remember that a temporary loss in dynamics is a necessary price to be paid for the necessary "surgery" we are performing on our economy. The reasons why it must be performed have been explained repeatedly. If we use as our point of departure the fact that the reform scenario assumed a decline of five to ten percent in the gross national product, of which industrial production is the major part, it seems that the reality differs considerably from the expectations. Is it really so?

Our first task, when searching for an answer to this question, is to determine whether fundamental changes occurred in the conditions under which the forecast was made, i.e. both internal and external conditions.

Regarding the internal conditions, the reform program assumed that public sector demand would decline as a consequence of the limitations imposed on the budget expenses. Similarly, the impact on the limits of consumer demand made by price increases and limited growth in the population's income significantly influenced sales of industrial goods. In addition, demand of the enterprises themselves declined (the demand for investments, intermediary products, and raw materials)—to a great extent, this was caused by the enterprises themselves because of excessive increases in the prices of their products.

On the whole, the actual decline in domestic demand roughly corresponds to the development expected. We say roughly because, considering the level of uncertainty with which we must work, any calls for greater precision would be pure fantasy or demagogy. Now, why is the decline in industrial production (and the ensuing decline in construction) greater—and to some people it seems substantially greater—than expected?

The answer must be sought, above all, in the external conditions which differed fundamentally from those the reform scenario presupposed. It is a matter of public knowledge that there has been a great decline in demand in general, and therefore also in demand for Czechoslovak products on the markets of the former CEMA countries, and on the Soviet market in particular. In the first quarter, the overall decline in exports of Czechoslovak industrial products to these countries, which is mostly a result of circumstances beyond our control, was 25.1 percent when compared to a similar period last year. Since the exports of industrial products to these countries form approximately 7.7 percent of the total production of Czechoslovak industry, this decline in demand for Czechoslovak exports on the markets of the former CEMA countries explains the 22 percent drop in gross industrial production. In other words, approximately one-fifth of the previously mentioned decline of

10.5 percent (23.2 million korunas) in industrial production can be attributed to unfavorable external shock circumstances beyond our control. The decline itself cannot be interpreted only as "undesirable in principle", but also as positive in the sense that it can result in desirable elimination of unnecessary, or socially and ecologically harmful production, as well as in a reduction in the former useless coordination and manipulation of the production. Moreover, in this "tested" period, we have to be very careful when interpreting statistical data, and it stands to reason that the actual decline in industrial production is somewhat lower than shown in the statistics. The same applies to the decline in production in construction.

Hence, there is no reason to doubt the program. The main thing is to respond to the newly arising situation within the framework of the reform. The key is in new entrepreneurial projects, for which the banks would be willing to provide credits, in breaking the monopolistic structures, removing the obstacles barring the entry of new entrepreneurs to the market; but also in a certain revision of budget expenses in relation to budget revenues (which, after all, the reform project assumed) and seeking ways of reviving effective exports to the Soviet market or, as the case may be, to other former socialist countries, should that be at all possible and in keeping with long-term plans for restructuring the Czechoslovak economy.

### Slovak Democrats Not Seeking Break in Federation

*LD0506181591 Prague CTK in English 1312 GMT 5 Jun 91*

[Text] Bratislava June 5 (CTK)—The Movement for a Democratic Slovakia (HZDS) does not seek the break-up of Czechoslovakia, but it favors the coexistence of Czechs and Slovaks on the condition that neither side will breach the principles of that coexistence which have yet to be agreed upon.

This was said today by Milan Secansky, chairman of the Constitutional Committee of the Slovak National Council (Parliament). He was elected on the slate of the Public Against Violence movement (VPN), but now supports the HZDS which split from the VPN in March.

Meeting with journalists, Secansky said the HZDS wants the principles of equality and mutual recognition of sovereignty to be embedded in a treaty signed between the Czech and Slovak Republics which make up the Czechoslovak Federation.

Secansky said it is irrevelant whether or not it is a state treaty. What is important is that its observation be internationally guaranteed, he stressed.

### Poll Shows Czech, Slovak Political Preferences

*LD0606031191 Prague CTK in English 1919 GMT 5 Jun 91*

[Text] Prague June 5 (CTK)—Vaclav Klaus's Civic Democratic Party (ODS) is the strongest political force in the Czech Republic, according to a poll carried out among 1,027 respondents by the Prague-based Institute for Public Opinion in May.

A total of 17 per cent of respondents would vote for the ODS if elections were held now, while only seven per cent would vote for the Civic Movement (OH). The Civic Democratic Alliance (ODA) would probably receive no votes at all.

The popularity of the Communist Party of Bohemia and Moravia (KSCM) and the Christian Democratic Union (KDU) has remained stable with ten per cent of votes going to each. About five per cent of respondents (all of them Moravians) would give their votes to the Self-Government Democracy Movement-Society for Moravia and Silesia (HSD-SMS), and about five per cent would vote for the Association for the Republic-the Republican Party of Czechoslovakia (SPR-RSC).

In the Slovak Republic, the Movement for Democratic Slovakia (HDS) would win 38 per cent of the vote, while the Public Against Violence Movement (VPN) would receive only three per cent.

The popularity of the Christian Democratic Movement (KDH) dropped from 21 per cent at the beginning of march to eight per cent in May.

The Democratic Left Party (SDL, i.e. former communists) and the Slovak National Party (SNS) would receive about 15 per cent each.

The Slovak Government coalition (VPN, KDH and the Slovak Democratic Party) would now win only 15 per cent of the votes.

## Antall Attends Interest Coordination Talks

*AU0406154091 Budapest NEPSZAVA in Hungarian 1 Jun 91 pp 1,4*

["N.T.E."-signed report: "Fuel Price Increase Should Be Suspended!"]

[Excerpt] For the first time since the creation of the Interest Coordination Council [ET]—almost a year ago—Hungarian Prime Minister Jozsef Antall personally attended the council meeting.

The prime minister began by saying: "It is not because I do not think this body is important that I have not attended the ET's meetings over the last year, nor have I come for the council's first jubilee. Nor did I come because of the current topic, namely the increase in fuel prices; I have come to express how important this body's work is for this country's life.

"I would like to emphasize that under Hungary's current circumstances, the ET has an enormous responsibility to bear on all three sides of its structure. The honorable thing would be if the three 'sides' acknowledged this themselves. We consider the ET to be an integral part of a functioning democracy. We believe that Hungary has truly witnessed a change of regime and political democracy if the negotiating parties at the ET represent interests in a fitting manner, and if they know that neither the government nor the ET can replace the National Assembly. If we take on each other's roles, we will lose sight of correct legislative relations."

Thereafter, the prime minister stressed that the government's room for maneuver was as large as the Constitution, the laws, and the approved budget would allow. Negotiations can only be held within this framework.

The prime minister said: "We are aware of the pressure on your council, but please believe that there is equal pressure on the government. We are aware of the fact that it is only together that we can solve the problems involved in our transition to a market economy. If we are unable to coordinate interests, if we are unable to handle tensions, then this will be fatal for the country."

Referring to the debate that has developed between Hungary's workers' representation groups on the organization that should represent Hungarian workers at the June congress of the International Labor Organization, Jozsef Antall said the following:

"Please believe that it is not in our interest to make individual organizations quarrel with one another. It would be important if we received some help, so that when we represent the country abroad, even when conflicting interests are brought to the fore, neither the government, nor employers, nor employees forget that something binds us together." [passage omitted]

## Antall on 'Detrimental' Affects to Living Standard

*AU0506132391 Budapest UJ MAGYARORSZAG in Hungarian 3 Jun 91 pp 1, 5*

[Attila Vodros report: "Inflation Has Stopped Short"]

[Excerpt] [passage omitted] During a coffee break in the morning, following the delivery of his speech to the conference, Prime Minister Jozsef Antall replied to UJ MAGYARORSZAG's questions. We asked the prime minister: "Prime minister, it seems that you left one idea in limbo when you said that you liked a certain type of manager.... In other words, there must be other kinds of managers whose activities you disapprove of." The prime minister replied:

"As in everything else, it is true to say that personal and professional assets should be taken into account. It is precisely on the basis of this principle that internationally accepted standards have developed for managers. Those managers who were able to work successfully in our social and economic transition deserve society's respect and—need I say it?—the government's support (naturally, only to the extent that a developing market economy and a legislative democracy will permit). I believe that a managerial position should imply a certain status, but only those who act within the aforementioned limits and abide by the internationally accepted rules of the game (so to speak) deserve that status. The reason I did not expand on this point during my speech was because it is crystal clear that those managers who led their company to bankruptcy or who lost the faith of their workers cannot remain in their positions in the long run, nor will they receive any state support."

We pointed out to the prime minister: "The word 'manager' is often called a 'gentleman's prank' these days. One cannot even say that this is not true! Indeed, in today's economic transition, many managers 'manage' themselves or their circle of friends who have got into trouble. As an example, we have the revolting and degenerate process of buying up pork." The prime minister replied:

"The only aim we can have in this field is to break monopolies and monopoly situations in Hungary. However, if we are talking about the development of a market economy, then we cannot hush up the fact that in a market economy—as in any other competition—there are losers as well as winners. A market economy also has disadvantages. Indeed, a market economy is based on the principle that it produces a surplus, and it needs to produce even more under increasingly rational conditions. Monopolies can impede this competition in production because the very presence of monopolies hinders the competition that a market economy is based on. It is only through competition that prices can be brought down, and only competition forces people to produce more economically. If certain circles deal with the intertwining of interests and the creation of monopoly situations rather than economical production, then this is detrimental for all of us nowadays. It was to prevent such

harmful actions that we created the Economic Competition Office that tries to safeguard the conditions for fair competition."

We asked the prime minister: "The success of our economy is illustrated by the fact that we service our debts properly and that our hard currency reserves are growing. Financial experts from the opposition claim that not only have we not reached our predicted three-figure inflation rate, inflation has in fact stopped short (even if it has not dropped sharply). We consequently ask ourselves why this does not affect our living standards?" The prime minister replied:

"Unfortunately, living standards are a logical consequence of the situation that this country has fallen into. In itself, the slowing down and halting of inflation rates is a very big achievement for Hungary's economy. The fact that Hungary's foreign economy, foreign trade, and general economy were able to reach such high export figures despite all the difficult circumstances is a great achievement in itself. It is as a result of all this that our hard currency reserves have grown. Naturally, if we are going to be honest—and I am not just saying this in praise of the government—then this process was accompanied and assisted by appropriate financial measures and government actions. This led to the development of certain basic conditions in the economy that are indispensable for our future progress. However, the creation of these basic conditions does not—and cannot—mean an improvement in living standards. On the contrary! If this transition is to take place, then it will affect living standards in a detrimental way. State support for manufacturing branches was withdrawn to make these branches produce more economically; this had a negative effect on living standards. Moreover, we had to withdraw state subsidies from fuel prices, and this also had a detrimental effect on the development of living standards. The withdrawal of state support has a detrimental effect on living standards, and this is a serious by-product of our current social and economic transition. I would like to emphasize that it is a by-product, not a 'side-issue'!" the prime minister concluded.

### Outline of Soviet-EBRD Clearing Accord

*LD0406144791 Budapest MTI in English 1342 GMT 4 Jun 91*

[Text] Budapest, June 4, 1991 (MTI-ECONEWS)—"Ideally, the Soviet-Hungarian clearing system will get under way on July 1, with the EBRD [European Bank for Reconstruction and Development] or an EBRD-Managed Western Bank consortium providing the guarantees," Tibor Erhart, Senior Hungarian Ministry of Finance official, told a press conference here today.

Mr Erhart was speaking about the trilateral talks experts held on the matter in Budapest last week.

The clearing scheme, now virtually ready, is a temporary one, and covers a limited trade imbalance guaranteed by a third party.

The Soviets and the Hungarians will now submit an application to the EBRD officially requesting the guarantee arrangement.

The Soviet Union earlier proposed a two-way clearing arrangement without limits: this would have provided interest-free crediting, and debts would have been repaid through goods deliveries.

The current proposal is aimed at an account collation or clearing arrangement which will operate until December 31, 1991.

Under the terms of this scheme, the debtor country will be obliged to repay its debts as they stand at December 31, 1991, in cash in dollars by January 15, 1992.

The guarantee would come into play if the debtor failed to remit the cash in dollars.

In such a case, the EBRD-organized Western bank consortium would repay the debt, and the debtor would then owe the consortium.

The EBRD has offered to guarantee debts under money market conditions.

Guarantee conditions would differ for the two participating countries owing to differences in creditworthiness, to clauses in the EBRD statutes regarding credits to the Soviet Union, and out of political considerations.

The clearing system would allow for an imbalance in bilateral turnover only up to a certain ceiling.

An interest-free technical credit ceiling would be fixed for a lesser part of the debt—up to 50 million USD under the Hungarian and 150 million USD under the Soviet proposal—and though disequilibrium would be permitted up to a further 300 million USD above such ceilings, that part would carry money market interest rates.

If the imbalance hits the second and final ceiling, the system cuts out, and will only start up again if the debtor dips below the ceiling by means of goods deliveries or cash payments.

Though it is planned the scheme will wind up at the end of this year, at the EBRD's suggestion, the proposal will provide for debts falling below the ceiling to be converted into a type of stand-by credit if there is mutual interest in maintaining the scheme.

The EBRD also requested that the proposal allow for the system to be expanded into a multilateral one if it proves to be viable.

San Paolo of Italy or an as yet unnamed Belgian banking group continue to feature in the proposal as the EBRD-organized banks.

The EBRD will not be in a position to release information on guarantee costs before receiving an official request for going ahead with the organization.

It is still not clear whether the accounts would be handled by the Western banking group or by the banks of the two countries involved.

The Soviet side favours the latter arrangement because it entails fewer hard-currency costs.

Mr Erhart said the advantage of the guarantor banks, handling the accounts would be that they will also be the ones who enforce the ceiling.

Otherwise, a sort of monitoring system would have to be established to keep an eye on the account balance.

The exact percentage of trade the scheme would cover has not been decided on yet, either.

The Soviets would like the scheme to apply only to products on the so-called indicative list appendixed to the Soviet-Hungarian interstate agreement, whilst the Hungarian side does not support such a restriction.

At the same time, Mr Erhart stressed that the system would be optional, and would not preclude the possibility of companies, trading under barter deals or for dollars if they managed to find solvent partners.

### Finance Minister Assails Bundesbank Attitude

*LD0506202991 Budapest Kossuth Radio Network in Hungarian 1600 GMT 5 Jun 91*

[Interview with Finance Minister Mihaly Kupa by Attila Herpai at Budapest airport on 5 June—recorded]

[Text] [Herpai] While you were meeting the finance ministers of the OECD in Paris, the president of the Bundesbank said in Japan that the largest German bank would not give further credits to Eastern Europe. In your view, why are the Germans so cautious?

[Kupa] My opinion is that I do not like such statements. I do not know what the background to it is. Because in that case, nor will I provide any further joint ventures in Hungary. That is the first thing.

Second, it is a very strange thing that they are always ready to do something when there is trouble somewhere—then there are $4 billion for Yugoslavia. We are not shooting. We are paying our debts, and I consider this statement to be very malicious. And this is how I will conduct myself with the Bundesbank in the future.

[Herpai] So you are of the view that it is not a question here of lack of confidence?

[Kupa] I hope so.

[Herpai] Your program says that it is property transformation that must be primarily carried out in Hungary. One delicate issue of this is compensation. If it costs 100 billion [currency not specified], you will not agree with this, you consider it excessive. In connection with this, will you raise the issue firmly, if the Kupa program is not realized?

[Kupa] The maximum limit is 100 billion. This is as far as far we can go, no further. This must be arranged, but this is a political question. The government has a program, which its majority adopted. I am sick to death of people asking whether I dispute [word indistinct]. I do not dispute it; government has accepted it. That is point one. Point two: The government has an economic cabinet that is answerable for the economy. I, for all this, shall answer for all the fuss regarding the economy, inasmuch as I am responsible for it. Point three: There is a plan, the legislature knows what it must do. I do not want to force it on the legislature, but they should understand how an economy can be sorted out.

### German Bank Extends Credit

*LD0506135491 Budapest MTI in English 1232 GMT 5 Jun 91*

[Excerpt] Budapest, June 5, 1991 (MTI-ECONEWS)—Deutsche Bank has just extended the stand-by credit of 500 million DM [German marks] it granted Hungary last year by another twelvemonth, Frigyes Harshegyi, vice-president of the National Bank of Hungary, told ECONEWS today.

The documents relating to the decision were signed here today, with Deutsche Bank board member George Krupp and several other senior Deutsche Bank officials attending. [passage omitted]

### Trade Increase With Finland Reported

*LD0506161291 Budapest MTI in English 1241 GMT 5 Jun 91*

[Text] Budapest, June 5, 1991 (MTI-ECONEWS)—In the first three months of 1991, bilateral trade between Hungary and Finland totalled $22 million, with Hungarian exports accounting for 13,5 million and imports for 8,5 million.

Hungarian exports to Finland were worth 6.373 billion forints in 1990, 2.1 per cent up on the 1989 figure, while imports saw a 14-percent fall to 3.564 billion forints.

Materials and semi-finished products made up about 45 per cent of Hungarian exports to Finland last year, consumer goods 31.5 per cent, farming produce 15.4 per cent, and machines and equipment 7.6 per cent.

Over 81 per cent of Hungarian imports from Finland in 1990 consisted of materials and semi-finished products. The proportion of machines was 11.4 per cent, consumer goods accounted for 5.3 per cent, and farm produce and foodstuffs for 0.9 per cent.

There are currently twenty Hungarian-Finnish joint ventures in operation.

### Walesa Receives U.S. Vice President Quayle

*LD0606032491 Warsaw PAP in English 1936 GMT 5 Jun 91*

[Text] Warsaw, June 5—U.S. Vice President Dan Quayle called on President Lech Walesa in the Belweder Palace at the personal invitation from the president to hand him over documents of the Polish Foreign Ministry coming from the pre-war period.

President Walesa thanked for the great contribution of the United States to the process of Polish reforms and its political and economic assistance.

Quayle emphasized Walesa's personal merits in abolishing the old system in Central and Eastern Europe and in building a new one and expressed the United State's full support for the road of reforms chosen by Poland.

After the meeting in the Belweder the two statesmen met with journalists.

In the evening, President Walesa and his wife will entertain Vice President Dan Quayle and his wife and members of the American delegation to a dinner given in the Wilanow Palace.

### Walesa, Quayle Hold News Conference

*LD0506182391 Warsaw Radio Warszawa Network in Polish 1700 GMT 5 Jun 91*

[Text] [Announcer] We have just received excerpts from the press conference given by President Lech Walesa and Dan Quayle. But first let us listen to what Lech Walesa said to our reporter immediately before the meeting with Vice President Quayle.

[Begin recording] [Reporter] Mr. President, what do you expect from the talks with Vice President Quayle?

[Walesa] We have an awful lot of problems, with our Polish reforms, and such a power as the United States can help us very much in our reforms—all types of talks, debates, consultations, trial runs can serve the cause of our reforms. That is why we shall look at the possibility of greater cooperation.

[Reporter] Will you talk about money?

[Walesa] Not directly, but after all, we all work for the money. [end recording]

[Announcer] After the meeting with Vice President Quayle, both the U.S. vice president and our president met at a short news conference with Polish and foreign journalists. Here are excerpts from this conference:

[Begin recording] [Walesa] The visit of our guests from the United States is of special interest to us. The Polish reforms have problems today. They should be bringing results, but the problem of contacts with the Soviet Union is spoiling our results. That is why we talk about all this, because these reforms ought to be of interest to the whole world. We discussed these and other problems with Mr. Vice President, but very much in a working manner. I would like to thank Mr. Vice President for this gift linked to our past once again; there is a lot of Polish history in the States, and we hope that some of it will come back. We are attached to this culture.

[Quayle in English, with Polish translation superimposed] Thank you very much, Mr. President. Our talks were very serious and businesslike. This is my first visit to Poland, but I have known President Walesa for some time. I came to congratulate him for the economic reforms he is carrying out in his country and acknowledge the importance of his leadership in Poland, which is of significance not just to Poalnd but to the whole world too. Mr. President is one of few foreign dignitaries to receive a Medal of Freedom. This is a very important prize which was awarded to Mr. President during his stay in our country. This proves that the American nation has great respect for the president.

We know that in order to carry out economic reforms, a lot of courage is needed. I admire you for this courage. Naturally, we would like to see results right away, but these serious economic reforms which you are implementing will take some time. I came to give you assurance that the United States will continue to cooperate with you and your nation. Our friendship with the Polish nation is very strong. I am pleased that I could bring, from the U.S. National Archives, the pre-war Polish documents and transfer them to free Poland. [end recording]

### Quayle Meets Bielecki

*LD0606043691 Warsaw PAP in English 2123 GMT 5 Jun 91*

[Text] Warsaw, June 5—U.S. Vice President Dan Quayle, now on a two-day official visit to Poland, voiced on Wednesday [5 June] the U.S. full support for the Polish road of reforms.

Speaking to newsmen after his meeting with Polish President Lech Walesa, Quayle said that the United States wanted to continue its assistance to and cooperation with Poland.

Lech Walesa said that his talks with the U.S. President [as received] concerned the programme of Polish reforms, with particular stress on difficult economic contacts with the USSR.

Also today Dan Quayle met with Polish Premier Jan Krzysztof Bielecki to discuss, mainly, the initiative concerning protectionist barriers in trade that the U.S. might take up at the nearest G-7 meeting.

"It is a very important issue for us as we are nearing the signing of an association agreement with the EC. We have to know to what extent the liberalization of our foreign trade is going to be profitable for us and what we can gain from participation in world trade where such barriers might be lowered with the assistance of the U.S. Government," Premier Bielecki said.

The Polish internal problems caused by the high costs of reforms and the questions of European security were the subject of Dan Quayle's meeting with Sejm (Lower House) and Senate Speakers Mikolaj Kozakiewicz and Andrzej Stelmachowski, respectively.

Also today the U.S. President [as received] opened the American culture and business centre in Warsaw and met with students of the American Studies Centre at Warsaw University as well as with Polish and American businessmen.

### Foreign Ministry on Treaty With Germany

*LD0506163291 Berlin ADN in German 1541 GMT 5 Jun 91*

[Text] Warsaw (ADN)—The treaty on good neighborliness and friendly cooperation between Poland and Germany can be ratified by the two legislatures by the end of the year, according to "optimistic assessments" by the Foreign Ministry in Warsaw. Jerzy Sulek, leader of the Polish negotiations, stated today, one day before the agreement will be initialed, that therefore there is a good chance that the treaty will come into force before the end of the current year, together with the border agreement concluded on 14 November 1990.

According to Warsaw, Article 20 on the rights of the German minority in Poland and the citizens of Polish descent living in Germany is one of the most important conditions in the treaty. Sulek said that a so-called blocking clause [Sperrklausel] has been worked into the agreement for this group of people. This prohibits any activity directed against the aims of the United Nations, the CSCE, and other international legal norms. This means that the German minority in Poland does not have the right to question the "final course of the border at the Oder and Neisse" [rivers]. The two groups of people must behave loyally vis-a-vis their respective state of residence.

In addition in the treaty, Germany promises to support Polish efforts toward the EC, Sulek added. The treaty also determines cooperation between the two states in the economic and security-political spheres.

In contrast to this, the question of compensation for Polish victims of the Third Reich has not been included. Warsaw is conscious of the fact that reconciliation with Germany is not possible without resolving this problem, but as they are faced with two opposing legal points of view they have decided on a pragmatic approach. Therefore a foundation will be established in Poland to hold money from the Federal Republic—from the government, church, charitable organizations, and businesses that used forced labor. A council has been convened in Poland to distribute the money.

### Official Cited on Warsaw-EC Treaty

*LD0406233791 Warsaw PAP in English 2119 GMT 4 Jun 91*

[Text] Warsaw, June 4—Governmental Plenipotentiary for European Integration Jacek Saryusz Wolski stated on Tuesday that the signing of an agreement on Poland's association with the EC was conditioned on a cabinet decision to be based on the analysis of gains and liabilities stemming from the treaty.

Making his statement for newsmen after today's cabinet meeting, the plenipotentiary said that the Council of Ministers thought that neither future membership in the EC nor the agreement on association would fulfill their fundamental task if the negotiatied terms failed to give Poland the indispensable minimum of economic profits and prospects for a future economic prosperity.

According to Poland the association should help in restructuring and modernizing her economy and provisions of the document should reckon with the needs of the Polish economy as concerns access to sales and services markets and to financial assistance.

Poland is particularly interested in an easier access of her products, especially foodstuffs, textiles and steel, to EC markets. She would also like more liberty in exports of services.

"In negotiations the Polish side will aim at signing a financial protocol defining the scale of EC assistance for Poland within the coming years and at including her representatives in the decision-making process on this assistance," Saryusz Wolski stated.

He also said that the Council of Ministers recommended more intensive contacts with the EC countries as well as with Czechoslovakia and Hungary, which also negotiate association agreements with the EC, in order to work out optimal terms of the move.

Government spokesman Andrzej Zarembski added that a meeting of high-ranking officials from Poland, Czechoslovakia and Hungary to be held in Slovakia on June 6 would serve this purpose.

### Balcerowicz on OECD Cooperation Prospects

*LD0506213891 Warsaw PAP in English 1729 GMT 5 Jun 91*

[Text] Warsaw, June 5—Deputy Prime Minister Leszek Balcerowicz told newsmen upon his return from Paris Wednesday [5 June] that the Organization for Economic Cooperation and Development (OECD) will play the role of an advisor to the Polish Government in preparing detailed institutional solutions for the Polish economic system.

Balcerowicz, who signed an agreement on cooperation between Poland and OECD last Tuesday [28 May] in Paris, said the meeting provided an opportunity to reiterate that the opening of Western markets would be

essential for the success of Polish reforms. Equally helpful would be appropriate solutions supporting the shaken Polish, Czecho-Slovak and Hungarian exports to the Soviet Union, if included in the package of aid to the Soviet Union, now being prepared.

OECD, an organization affiliating 24 highly industrialized Western countries, will also help Poland training economic and administrative cadres, Balcerowicz said.

### Balcerowicz Urges Passage of Economic Laws

*LD0406220791 Warsaw PAP in English 2002 GMT 4 Jun 91*

[Text] Warsaw, June 4—Deputy Premier Leszek Balcerowicz said on Tuesday that "there is a growing threat of a progressing paralysis of the decision-making process and the economy's drifting into chaos unless the Sejm urgently reviews and passes government's draft economic laws presented to the Sejm."

Balcerowicz made his remark during today's joint meeting of the Sejm Economic Policy, Budget and Finance and Ownership Transformation Committees.

Deputies on their part said the accusation that the Sejm is prolonging legislative procedure is a misunderstanding and stressed that work on government draft laws is continued without any delay.

Balcerowicz said it was not his intention to antagonize government-Sejm relations and proposed simultaneous work on government draft laws and on the Sejm's resolution on the economic situation and government's economic policy for this year.

### Sejm Responds to Spokesman's 'Criticism'

*LD0606035591 Warsaw PAP in English 2126 GMT 5 Jun 91*

[Text] Warsaw, June 5—The Sejm (Lower House) on Wednesday said it gave priority to processing government-proposed bills and rejected the criticism of government spokesman Andrzej Zarebski who on Tuesday blamed it for slow legislative work.

The Information Office of the Sejm Chancellery has said that 17 out of the total of 24 bills (not 30 as Zarebski was saying) proposed by the government were promptly put into legislative processes now at various stages of advancement, depending on the time of submission.

The Sejm says it has adopted as many as 181 acts since the beginning of its tenure, while most of the 100 draft laws mentioned by Zarebski as still waiting to be passed were drafted by deputies but the priority given to processing government bills delayed work on them, the Sejm Chancellery said.

Meanwhile, the Polish radio and TV authorities asked the Sejm to speed up a debate on the draft law on public radio and TV service.

### Bielecki Views Mistakes of Past Two Years

*LD0406192391 Warsaw Radio Warszawa Network in Polish 1700 GMT 4 Jun 91*

[Text] Two years ago, on 4 June 1989, the legislative elections won by Solidarity were held. We asked Prime Minister Jan Krzysztof Bielecki to comment.

[Begin recording] [Reporter] The legislative elections won by Solidarity changed history in our country, changed its political and economic life. How do you assess this period which has passed, Prime Minister?

[Bielecki] We took power—and this was a serious mistake—without drawing up a list of the assets handed over to Solidarity, without drawing up a kind of white book, where we could have made a calm and unemotional assessment of where Poland stood, at what level of development, in 1989. Hence the announcement of a white line meant that from that moment onward, what counted was effective management by Solidarity. Everything was supposed to get better quickly, because everybody associated a market economy only with the benefits which should immediately follow. Well, today we have the clash with reality. The first moves of economic reform in January 1990 meant that the truth began to be revealed. The money, of course, which came into being for the first time in this state, additionally strengthened these processes or identified them—and today we have the evident problem of the discrepancy between expectations, which were immense, and reality, which is difficult and hard. If I add to that certain outside events, then it has become extremely difficult, and hence this year is probably a crucial one in our contemporary history.

Mistakes were made last year and certain mistakes are also being made now, and these mistakes are an integral part of this process, so things could definitely have been done better and quicker. Solidarity must be the political back-up to the process of reforms—not Solidarity in the narrow sense of a trade union, of course, but a certain current emerging from the stem of Solidarity. [end recording]

### Party 'X' Holds Warsaw Area Congress

*AU0506125391 Warsaw RZECZPOSPOLITA in Polish 3 Jun 91 p 2*

["K.G."-signed report: "Party 'X' in Warsaw"]

[Text] Members of Party "X" from Warsaw city and voivodship held a congress on 2 June, at which they appointed an election campaign staff and elected their ruling body—the regional representation.

The congress was attended by about 100 people. In response to suggestions that the congress might be an attempt to bring about a split, members of the presidium assured participants that the congress was taking place

with the approval of the party's leader, Stanislaw Tyminski. Tyminski could not attend the congress because he was in Canada.

Emotional statements were made about the issue of reprivatization in the speeches that were delivered. "Private property is something sacred," argued Franciszek Trzeciak. "Private property is sacred, but state property is even more sacred," countered Napoleon Dumaniak. They both received applause.

An appeal was addressed to party members: Every party member should recruit two new people, and everyone who voted for Stanislaw Tyminski in the presidential elections—about 4 million people—should contribute 5,000 zlotys to the party's election fund. "Twenty billion zlotys would give us a real chance of winning the elections and of forming a government that would be the first postwar government to represent Polish interests," said Wojciech Stanczak, editor-in-chief of LIST "X."

The congress adopted a number of resolutions, including one expressing support for Stanislaw Tyminski's appeal to increase circulation of the party paper LIST "X" and distribution of his book "Holy Dogs," of which, as one of the participants stated, there are still several thousand copies left to be sold.

Czeslaw Kostyra was elected chairman of the Party "X" Warsaw chapter. The party is forming a "shadow cabinet."

### PAP Roundup of Protest Actions

*LD0606040291 Warsaw PAP in English 2114 GMT 5 Jun 91*

[Text] Warsaw, June 5—Quoting the inconclusive Solidarity-government talks, the deteriorating economic situation, and the violation of the procedure of consultation by the government as the reason for their decision, Solidarity leaders in the northern city of Bydgoszcz declared a strike alert in the province as of June 10 and urged the union's national commission to extend the action to cover the whole of Poland.

Meanwhile, protests over economic issues continued in Poland on Wednesday [5 June] with PKS inter-city bus drivers in the southern town of Olkusz suspending all passenger and cargo transportation in protest against too low wages. Also the crew of the "Ponar-Tarnobrzeg" state-owned company in Mokrzyszow, south-eastern Poland, continued their sit-in demanding payment of overdue wages and the regulation of property issues in the firm, and 29 women workers employed in the Poldan sewing plant in Krosno Lubuskie, western Poland, began a sit-in demanding higher wages.

In the central city of Lodz Solidarity committees in two local plants, one producing radio equipment and another textile machines, declared a protest action today demanding payment of full May wages and corrections in the Balcerowicz plan.

The protest action in medical units started a week ago in the Zoliborz district of Warsaw was supported today by health institutions in further two districts which backed up the demand for a general reform of health service.

Also the teachers union protested against the economizing measures proposed by the Education Ministry and voiced concern over the danger of unemployment among teachers, their financial problems, and overdue payments for over-time work.

The tension aggravating in various labour groups was the main topic of today's debates of the Presidium of the Solidarity National Commission in the northern city of Gdansk which demanded that the government publish a report on the situation in Poland.

Referring to the tense situation in the northern province of Slupsk where the regional strike committee was planning a general action to support demands of the crew of the Matra international company, the Presidium advised against extending strikes in the region and promised taking legal steps to ensure payment of overdue wages to Matra employees.

## Iliescu Receives Roman-Led FSN Delegation

*AU0506180391 Bucharest ROMPRES in English 1611 GMT 5 Jun 91*

[Text] Bucharest, ROMPRES, 5/6/1991—The analysis of the political situation in the country was the main theme of the Wednesday [5 June] interview at the Cotroceni Palace Romania's President Ion Iliescu had with a National Salvation Front [FSN] delegation. The delegation was made up of the FSN national leader, Petre Roman, with its executive president, Ion Aurel Stoica, of other members of the Executive Bureau of the Steering Collegium. The interview also occasioned a valuation of the dialogue started with the opposition parties and the question was approached of calling up early parliamentary elections right after the elaboration of Romania's constitution.

After the interview President Ion Iliescu and the National Salvation Front leader, Petre Roman, made short statements to the press.

## Iliescu, Roman Statement

*AU0506202891 Bucharest Programul Unu Radio Network in Romanian 1700 GMT 5 Jun 91*

[Statements by Romanian President Ion Iliescu and National Salvation Front, FSN, leader Petre Roman after a meeting Iliescu held with a National Salvation Front delegation at Bucharest Cotroceni Palace on 5 June—recorded]

[Text] [Iliescu] I met with the Bureau of the Steering Collegium of the FSN to be briefed about the progress made in negotiations with political formations. [Words indistinct] in the past two weeks, as it was agreed upon at the respective time with the representatives of other parties, these negotiations were held at the level of vice presidents. The negotiations were held on two levels, on the one hand with representatives of the Convention for Introducing Democracy, which includes the National Liberal Party [PNL], the Peasant Party, the Social Democratic Party, the Hungarian Democratic Union of Romania, and the Romanian Ecological Party, and on the other hand with the rest of the political groups represented in the Parliament. We wanted to have a clear picture about the stage of these negotiations, which have been concluded at this level. Well, things are rather different, that is, as you [words indistinct] in the press. The Convention advanced rather exaggerated demands as far as the Parliament's structure is concerned, which were not in accordance with the provisions of the electoral law, [words indistinct] regarding the structuring of governments within a certain parliamentary structure [words indistinct]. The fact that the dynamics of the electorate have changed and are continuously changing is another matter, because it is happening in all structures and all places. But how should a [words indistinct] signed? Through consultations with the electorate. Thus nobody can subjectively evaluate and quantify changes that have taken place within the electorate, starting from the existing structure of the Parliament.

[Unidentified journalist] Should we understand that Romania's president believes it is appropriate to consult with the electorate?

[Iliescu] This a second problem. For the time being, in the current stage, the possibility of establishing a national unity government—which I have never rejected—is somehow blocked by the presentation of certain conditions that are not realistic and do not take into consideration the structure of the Parliament. But, to speak about the opinions expressed, it seems that more constructive elements emerged during talks with the other parties. We agreed to continue negotiations mainly at the level of party presidents, in order to finalize and draw the necessary conclusion in connection with the real positions expressed by various political groups. Thus we will draw the conclusion after those negotiations have been concluded. So, we are waiting for another week until the negotiations at the level of party leaders are concluded, and after that we will see about the need for a direct meeting. As a matter of fact, I have already started such meetings; on Monday [3 June] I met with the representatives of the PNL-Young Wing. After these contacts I also want to have direct contacts, to see what the emerging concrete ideas are.

Starting from the aforementioned situation, the idea emerged of possibly holding elections earlier, after the finalization of the constitution. We are in an advanced stage of elaborating the constitution. The theses have been discussed within the Constituent Assembly and at the moment, the commission is finalizing the editing of the draft constitution, which will be resubmitted to the Parliament. According to our information, in connection with discussing the theses, the prospect emerged that discussions on the final stage should move forward more rapidly because basic issues have already been discussed, understood, clarified, and a certain consensus has been reached on basic ideas. The editing is a more simple issue I believe, so we may have a definitive text this summer, that is in the next two months, even before the parliamentary vacation, which is earlier than the Parliament's deadline at the end of this year. Under these conditions we can see the possibility of organizing elections after we have the new constitution, by rapidly updating the electoral law, and thus might be able to have general elections before the end of this year. This possibility must certainly be the object of our discussions, of the negotiations with the other political forces and the Parliament, in order to finalize these issues.

[Roman] We carried out an evaluation and a political analysis that are useful both for our party, the FSN, as well as for our country's current political life.

As you know, this meeting has taken place at the initiative of the recently resumed dialogue with the opposition parties represented in the Parliament. So far, this dialogue has led

to certain clarifications, as far as certain parties are concerned, on the issue of a possible sharing of the responsibility of governing, while with the convention of parties—called the convention of the opposition parties—this dialogue led to a situation that we could define as a situation without solutions, for the time being.

We are not stopping this dialogue at the moment because so far we have not reached a stage in which we could finish discussing all possible themes for discussion and we have not used all the levels that should hold discussions. We will hold discussions at the level of the parties' leaderships. Certainly, such dialogues have a great advantage because they are meant to force the partner to make a serious political analysis and to make an individual evaluation of the political situation under the current political circumstances and in relation to the objective and real data of our society at this moment. This data represents the great economic difficulties, difficulties caused by the implementation of the reform, which is nevertheless advancing. In connection with the reform, we continue to be confident that it is leading us toward properly healing our economy and toward a reestablishment of the whole Romanian society on bases that will facilitate integration in the whole European construction.

Thus, we carried out this evaluation and examined issues together with the president of our country, who—as I have frequently mentioned—is a balancing factor in Romanian society and, thus, who needs to receive updates about everything happening in Romanian political life. This dialogue, which was mainly initiated by him, is a serious and important element for Romanian political life.

[Unidentified journalist] Thus we understand that the FSN, just like the government—and it is natural to be so—believes that the elections, the consultation with the electorate, should take place earlier. Do you believe that this is possible, do you believe that this will happen?

[Roman] Certainly it will happen earlier, if we think of the deadline included in the electoral law. However, if we are talking about the fundamental element, whether to have a constitution earlier, this cannot be questioned. We must have a constitution. This is the major stabilizing factor for the country, it is the first and utmost requirement.

However, we have a group of constitutional articles and provisions that have been drafted coherently. We have a Parliament whose members have already gotten gray hair in drafting the constitution. In other words, this work has worn them out. We believe that it is very important to obtain the stability that the constitution will grant us, thus it is important to have a constitution as soon as possible.

From the very moment the constitution is adopted, I believe that electoral consultations will be required. I am talking about a double consultation: the local elections for which we assumed responsibility when we achieved victory last year—certainly, given the conclusion of the Parliament's mission on the one hand and the need to validate the fundamental political option through the electorate on the other hand—and the general, legislative elections as well.

It is good and useful for the country and for the image of our country's democratic nature that these consultations be achieved as soon as possible on the basis of the constitution.

### Isarescu, Roman Receive Soviet Bank Governor

*AU0506153791 Bucharest ROMPRES in English 1047 GMT 5 Jun 91*

[Text] Bucharest, ROMPRES, 5/6/1991—Mugur Isarescu, governor of Romania's National Bank, received his Soviet counterpart Viktor Vladimirovich Gerashchenko, governor of the USSR's State Bank.

After informing each other on the state of the economic reform in general and of the bank reform in particular, Mugur Isarescu and Viktor Vladimirovich Gerashchenko analyzed the course of foreign trade payments between the two countries.

The governor of the USSR State Bank also held talks with presidents of Romanian banks on the new way to organize Romanian banking societies.

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Romanian Prime Minister Petre Roman received Viktor Gerashchenko, governor of the State Bank of the Soviet Union, now on a visit to Romania.

The talks focussed on the development of the bilateral cooperation in the financial-banking domain, with special stress laid on seeking out payment arrangements to boost the economic exchanges between the two countries.

### Drop in Soviet Natural Gas Deliveries Explained

*AU0506175991 Bucharest ROMANIA LIBERA in Romanian 1-2 Jun 91 p 8*

[Interview with Boyko Viktor Grigoryevich, Soviet trade representative in Romania, by A.M. PRESS; place and date not given: "We Were Forced To Reduce the Exports of Natural Gas to Romania"]

[Text] [A.M. PRESS] Returning from the Soviet Union where he signed a treaty, President Ion Iliescu declared that an agreement had been achieved on increasing the export of Soviet natural gas to Romania, from 8 billion cubic meters to 15 billion cubic meters, and even 22 billion cubic meters a year. To what extent could these promises be realistically carried out?

[Grigoryevich] I think that the export of Soviet natural gas in the amount that has been agreed upon can be realistic. We started mutually advantageous cooperation now when our relations have become purely commercial

and have dropped their ideological burden. In accordance with our commercial treaty, the Soviet side had to export 8.4 billion cubic meters of natural gas in 1990, including 2.9 billion cubic meters in barter exchange worth 218.8 million transferable rubles. The Romanian side had to export industrial goods and consumer goods for Soviet workers employed in natural gas production industry. Last year, the Soviet Union exported 7.365 billion cubic meters of natural gas to Romania, 637 million cubic meters less than agreed upon, because several Romanian enterprises did not fulfill their contract obligations. Therefore, we were forced to slow down the export of Soviet natural gas to Romania. The Romanian side failed to deliver goods worth 80.5 million rubles, an equivalent of 996 million cubic meters of natural gas. This means that the Soviet Union had an export surplus.

[A.M. PRESS] All this shows that the delivery of Soviet natural gas to Romania will depend on fulfilling the contract on delivery of Romanian goods.

[Grigoryevich] Of course. Of the total debts of 80 million rubles Romania owed the Soviet Union on 1 April 1991, 30 million rubles represent last year's debts. The Soviet side understood the problems of the Romanian partner and asked for the liquidation of last year's debt by the first half of 1991. We must mention the fact that our relations are now developing on new bases. We have shifted to trade accounted in convertible currency. Both countries decided this at a governmental level on 20 December 1990. The Soviet Union promised to deliver 3 billion cubic meters of natural gas to Romania in the course of 1991. By 1 April 1991, we already delivered 1.104 billion cubic meters of natural gas, instead of 751 million cubic meters; that is, 353 million cubic meters more, worth $34 million. At the same time, we reduced our deliveries to several other neighboring countries. In January 1991 alone, we delivered natural gas worth $92.3 million, out of which only $25 million were paid in the middle of April. We can export the amount of natural gas agreed upon by our leaders, not only 15 billion, but also 23 billion cubic meters, but both presidents agreed that this issue would be decided by specialists.

## Industry Minister Visits Moscow

*AU0606071991 Bucharest ROMPRES in English 2255 GMT 5 Jun 91*

[Text] Bucharest, ROMPRESS, 5/6/1991—With an additional effort of Romanian industry, the balance of payments for Romanian-Soviet exchanges, which was adverse on our side, has regained its equilibrium, said Romanian Industry Minister Victor Stanculescu on a working visit to the Soviet Union. He said in the last 3 days he had had contacts with ministry executives and with experts from relevant departments, the visit had several main objectives. One was to find a mutual solution to payments due in 1990, under the former clearing system in transferable roubles. Next we have discussed about the continuation of deliveries that the Soviet side threatened to end. That would had affected Romanian enterprises which had fulfilled their contract obligations, although with some delay.

I have come to Moscow to speed up the conclusion of commodity contracts the two parties had agreed upon already last November: The Soviets have so far signed contracts for only 50 per cent of the amount of products they had pledged to purchase from Romania, the Romanian minister said.

I have discussed with all the Soviet partners I met about renewing Romania's participation in building the Krivoi Rog industrial plant. As a result, minister Stanculescu announced, the soviets will deliver important iron ore to our metallurgical industry in counter-party for our participation in the construction of that plant.

## '20 May' Group Disagrees With Dijmarescu

*AU0606090091 Bucharest ROMPRES in English 1913 GMT 5 Jun 91*

[Text] Bucharest, ROMPRES, 5/6/1991—In connection with the statements Minister of Economy and Finances Eugen Dijmarescu made during a press conference on Tuesday [4 June] according to which the government would favour legislative elections this autumn, the "20 May" parliamentary group (which separated from the National Salvation Front Parliamentary Group) is against such an intention and "considers the message as a new interference of the executive in the legislative." At the same time, it appreciates "the organisation of elections—starting with the president and to the local administrative bodies—as quite normal after the drafting of the constitution is finished and, at the same time, as necessary for the country's stability."

## Milosevic's Address to Serbian Assembly

*AU0506192591 Belgrade Radio Belgrade Network in Serbo-Croatian 1649 GMT 5 Jun 91*

[Speech by Serbian Presidency President Slobodan Milosevic to the Serbian Assembly in Belgrade—live]

[Text] Esteemed deputies: I spoke last week; today it was your turn. I will respect this, and therefore I will limit myself to commenting upon some key points in today's debate, because I have presented my stands—stands on which we worked in coordination with the members of the SFRY Presidency from the Republic of Serbia—and they have been given to you in written form today.

I would like to say immediately that I am personally not bothered by the critical remarks about my speech. However, what bothered me greatly in the debate, actually only in certain speeches, were some general accusations at the expense of other nations: Slovenes, Croats, Muslims, and others. This bothered me because of truth and justice, and also because of the fact that Serbia, its citizens, and the Serbian people do not wish to realize their interests at the expense of any Yugoslav people, or against them. The Yugoslav crisis can only be resolved by respecting the principle of national equality, and I believe that any other approach cannot have any future.

There was much talk in the debate about the pressures that we are exposed to, from inside and outside the country. The pressures that we are exposed to are certainly not welcome to anyone. It is logical and expected that the reactions, here and among the wider public, will differ. It is also logical and expected that questions are raised concerning whether solutions exist that will radically and quickly eliminate all these pressures and resolve our problems. We all wish to have as many friends as possible and for no one to exert pressure on us.

I would like to say now that we would win friends immediately and even overnight, and we would certainly be proclaimed immediately and overnight as democratic, civilized, reasonable, and progressive if we agreed to a Serbia from Zemun to Vranje and to Yugoslavia simply being transformed into six independent, sovereign countries. I am firmly convinced that the abolition of Yugoslavia would be against the interests of the majority of Yugoslav citizens, and I firmly believe that this formula, according to which not a single people would be divided to the extent that the Serbian people would be, would be able to survive, even if politicians could be found who would agree to this for their personal, nationalistic, and other interests, including both conceit and prestige.

We simply cannot accept such a formula. I have explained what kind of formula we believe we could accept, and I must say for myself—although this is your right, and at the end of the day the Assembly will judge for itself—that in fact in this long debate, which has lasted the whole day, I did not notice, and I listened very carefully, any disagreements over the key issues that I presented regarding the resolution of the Yugoslav crisis. If I am wrong, then please say so.

I would also like to say a few words about the talks themselves, because I am under the impression that probably in the absence of any insight into everything else that is going on, these talks have suddenly become, (?being) the focus of interest, the object of great expectations that a turning point will take place during them that will completely resolve the Yugoslav crisis.

The talks that we are having at the meetings of republican presidents are only one stage in the process of searching for answers to the questions of Yugoslavia's future. Namely, the SFRY Presidency, as the organ that is authorized according to the Constitution to launch the initiative for changing the Yugoslav Constitution, has judged in the activities in which we also took part, that it is useful and constructive that in the talks among the republican presidents, attempts be made to take a step toward finding the solution. In this respect, the SFRY Presidency did not, and could not, transfer its role onto the meetings of the republican presidents, but it assumes that such talks can only help find the solution, and that in this respect all organs act within the limits of their constitutional powers.

Reproaches were also made here that there have been some behind-the-scenes intrigues going on, or another similar expression was used and I have not noted it precisely. In connection with this, I would like to say that the talks are being conducted in public, and that there is no place for the claims concerning any behind-the-scenes intrigues, especially if it is borne in mind that we have announced all the main proposals and, if our impression is correct, all our main proposals have had the wide support of the public and the citizens of Serbia.

Therefore, we are searching for the way out of the Yugoslav crisis together with the other republics and other peoples of Yugoslavia. In this respect, we do not advocate rigidity or isolation, but favor openness, dialogue, and tolerance that is constructive and principled. This is because the preservation of Yugoslavia's continuity and the preservation of the interests of our people represent the limit to our flexibility, the limit to our tolerance, and the limit to our readiness for dialogue. I hope that no one here expects a flexibility that would go beyond these limits and at the expense of our people's interests. Therefore, we must look at this phenomenon and this question of rigidity or flexibility in relative terms.

So, the purpose of the talks among the presidents of the republics is above all to help to find the solution and to clarify views. For each of us, this is a search for ways and initiatives that can be presented to the assemblies, whether these are the republican assemblies or the SFRY Assembly, and is not decisionmaking on behalf of organs that are, according to the existing Yugoslav Constitution and the republican constitutions, responsible for this.

Therefore, because many things were said about this at the very beginning of the debate, I would like to recall one part of the speech that was given to you, not because this is the most important part, nor is it one of the most important parts, but because it explains precisely this approach.

The dilemma connected with the role and existence of the Federal Constitution and the Federal organs in the procedure for resolving the constitutional and political crisis is artificial, if there is a desire for a peaceful, democratic, and legal solution to the crisis, because the talks and even agreements among the republican presidents—that is, if they happen—and the results of the referenda in the republics cannot abolish or change the valid Yugoslav Constitution.

Decisions can only legally be carried out by changing the Constitution of Yugoslavia, and no one can oppose or challenge this decision if it is not to the detriment of other republics or other Yugoslav peoples. Therefore, we should quite correctly locate the range, content, and possibility of such proposals, that is to say, the legitimacy and legality of Yugoslav institutions and the existing Yugoslav Constitution, which we believe represents the condition—that is to say adherence to it—for a peaceful denouement to the crisis.

I considered it superfluous to explain to the Assembly what the constitutional procedure is in which, as we well know, all the republican and provincial assemblies have their place and make legitimate decisions.

It was also said here that the national Assembly should have its own platform. I think that this would be good, and I would ask: Who at all would forbid the national Assembly to have its own platform on the main issues in the denouement of the crisis, that is to say, on the program according to which the policy for which this national Assembly is responsible will be conducted?

For my part, I have presented the Assembly with my views of the policy that I think should be conducted in the denouement of the Yugoslav crisis, and I consider this my obligation. If the Assembly were to have other views and another approach, I see no obstacles at all to this Assembly formulating this approach and these views, [words indistinct] disputable that the Assembly can do this.

To be quite frank, I said at the beginning that I could not perceive in today's speeches, and not even in the most critical ones, how this platform would differ from the one that I put forward, but it certainly would be very good if the Assembly decided to formulate its own platform. I do not doubt that anyone in the Republic of Serbia would challenge the right of the national Assembly or in any other way reject the kind of platform that could be adopted by the national Assembly. [sentence as heard]

There were some quite specific questions. That is to say, a contradiction was pointed out in the stands in last week's speech and the talks that we had with the delegation from the Republic of Slovenia concerning respect for the right to self-determination. In this [words indistinct] there is no contradiction whatsoever. That is to say, both then and now, and in my speech that was debated today, we insisted on the equality of Yugoslav peoples and respect for the right of peoples to self-determination. At that time we said that Serbia respects the right of the Slovene people to self-determination, that is to say, the Slovene people can decide for itself about its own destiny. Particularly since we have always, both then and now, stressed that this must be done in legally, that is in a way that respects the legality and continuity of Yugoslavia and the changes in the Federal Constitution in a way this existing Constitution envisages. Therefore there are no contradictions in this respect, nor were there any, nor can there be any.

There were questions that concerned reliance on some radical and right-wing groups. I think that our policy is very clear and that there is no dilemma over whether it will rely on any radical or right-wing groups and contacts with such groups.

There was also the question—and this relates to my reaction to Borisav Jovic's resignation—of why I said, if I am committed to Yugoslavia, that Serbia will not accept one single decision by the SFRY Presidency. I said this at a time when there was no representative of Serbia in the SFRY Presidency and therefore we would not accept any decision by this Presidency without the participation of the representative of Serbia, particularly as it was quite clear that—as soon as the crisis was resolved and the representative of Serbia had again taken his place in the SFRY Presidency, and there was already talk about the Vojvodina representative—no hindrance whatsoever came from our side in the functioning of the SFRY Presidency and adherence to its decisions.

At that dramatic time, without the participation of Serbia's representative and Vojvodina's representative, it was possible to make decisions with a marginal majority that would concern security and the possible use of the Army—because the SFRY Presidency is the supreme commander of the Armed Forces—and we thought that we should point out that we would not consider legitimate any decisionmaking that did not include representatives of Serbia and Vojvodina, precisely because the Presidency as the collective head of state was conceived to function with eight members.

The question was also raised of ideological prejudice. I firmly believe that the platform I put forward is not based on any ideological prejudice whatsoever. I would be very glad if any stand that was put forward in the platform for resolving the Yugoslav crisis that I presented last week was shown to be based or considered to be based on some ideological prejudice.

The claim about the advocacy of the status quo can also not be accepted, as we are talking about advocacy of the continuity and legality of Yugoslavia, which proceeds

from the fact that Yugoslavia exists as the only sovereign subject recognized by international law. However, the advocacy of legality and continuity of Yugoslavia does not contain any denial of the right of any Yugoslav people to self-determination and even the right to separate from Yugoslavia if they decide this directly. Therefore, we are not talking about establishing [word indistinct] relations. On the contrary, we advocate the reorganization of relations in Yugoslavia on democratic foundations, we advocate reorganization and not status quo. However, we advocate the continuity and legality of Yugoslavia and Yugoslav institutions.

The next thing involves several issues, and I would quite briefly say that I could not comment here on various quite arbitrary interpretations of some stands that I presented, because in some cases these stands were so imprecisely interpreted that the only explanation that can be given to these interpretations is the actual text of the speech which has been presented to you and which I fully stick to. Therefore, I see no need to change anything in it regarding my stand or the content that relates to it or to correct anything in connection with the questions that were raised.

There was also discussion about the danger of a collision between the actions of the president of the republic and the Assembly. Such a danger always exists in principle, but I believe that in our case, considering the regulations in our Constitution, it would in reality be very difficult for such a danger to emerge.

The Assembly is a legislative and constituent organ, and since the president of the republic does not adopt constitutional laws, there is no danger that the Assembly's constitutional powers would be violated in any respect. I would like to remind you that the Assembly is even authorized to adopt a decision on scheduling a referendum for recalling the president of the republic. For my part, and you can believe me, I personally will not mind if this Assembly finds it appropriate to use this power. I would also like to say that I intend to continue performing my duties, exclusively in accordance with the Constitution and in a way which I believe to be the best, without bowing to pressures, I stress, without bowing to pressures and ultimata—because we have heard from this rostrum today that we should also think about giving in to pressures and ultimata—and without flattering anyone. If such a president of the republic suits the citizens, I am here. If not, they can choose another. There is no doubt in this respect at least. [applause]

I think that several deputies quite justifiably pointed out the very bad impression that exists abroad about the situation in Serbia, which is the result of well-devised, well-financed, and well-organized propaganda. We cannot comfort ourselves merely with the claims that this is a result of well-devised, well-financed, and well-organized propaganda, but rather we must ascertain what we can do to correct this impression, as we are not alone in the world. We live in an environment that we care about, that is, in an environment that should have a correct and true picture of Serbia.

I think that in general these speeches were justified, and it is essential to increase our international activities, because without this, the picture that is created in Serbia and about Serbia in the international public is inaccurate, and in any case, extremely unfavorable for us. In this sense, the government, above all, but also the Assembly, or the president of the republic, should carry out a much more effective program precisely because we live in a world that is becoming more integrated, in a world with which we have to establish as many links and bridges as possible. In this respect, the EEC stands are encouraging as they extend support to Yugoslavia's integrity in a way that does not represent interference in the internal affairs of Yugoslavia.

One critical stand—I think this was Deputy Mahmutovic—stating that my speech expressed one and not several opinions, is correct as a stand, but incomprehensible as criticism, as I do not see how I myself can have several views and (?address them to the Assembly in my speech). [applause]

Most questions—I remember that Marija spoke about this at the very beginning—referred to what to do in this situation. Everything that I wanted to say is contained in what we talked about here last week, but I think that the only answer is the legality and continuity of Yugoslavia and Yugoslav institutions, including the Yugoslav People's Army. In this context, bearing in mind the need to maintain the legality and continuity of the Yugoslav institutions, answers must be sought to many specific questions, and even to the one that has been very sensitive in the last few months—I would say since last August—the question of the referendum in Krajina and the decision to remain in Yugoslavia.

This referendum is an expression of the people's will, which must be respected, but it must also be realized in a constitutional way and within Yugoslav institutions. This is the only outcome that guarantees peace; all others lead to conflicts, but we will fight for peace. In this respect, we must have the same yardstick for everybody, the same yardstick for ourselves and for others. It is perfectly normal that no one can deny either the Croatian or the Serbian people the equal right to self-determination. By advocating respect for the equal right of one or the other and all Yugoslav peoples to self-determination, we are advocating that these be exercised in a peaceful way and through Yugoslav institutions. If the Yugoslav state cannot ensure this, there is no doubt that we will have to find ways to protect our interests.

I would not like to repeat any of the elements of the approach that I presented in the Assembly a few days ago. I wish to say that the Assembly debate made me more convinced that a democratic solution to the Yugoslav crisis is possible only if we respect the principle of national equality, and if we respect the will of each of the Yugoslav peoples. The first condition for a positive

denouement is peace. Therefore, I believe we should do everything to preserve peace, and I am deeply convinced that all institutions of the Republic of Serbia, and all citizens of Serbia, and Serbia itself, in their endeavors to resolve the crisis successfully and justly, will only behave in such a way, advocating in this respect that Yugoslavia's legality be respected, as well as Yugoslavia's Constitution until it is changed in a legal way.

The national Assembly's support for the stands that I presented is a good enough reason for me to conclude that there is a sufficient degree of unity in the republic in the approach to solving the Yugoslav crisis, and I thank you for this support. [applause]

### Serbian Opposition Details Demands for Rally

*LD0506170191 Belgrade TANJUG Domestic Service in Serbo-Croatian 1425 GMT 5 Jun 91*

[Text] Belgrade, 5 Jun (TANJUG)—If the Serbian Assembly does not endorse the demands of the United Serbian Democratic Opposition [USDO] in the emergency procedure, to be voiced at the 9 June demonstrations at Liberty Square [name given by the United opposition to Republic Square in Belgrade], the assembly must be dissolved, a new and neutral government formed, and fresh republican elections called.

This was stated at today's news conference by Vuk Draskovic, leader of the Serbian Renaissance Movement [SRM] on behalf of the USDO and in connection with the forthcoming demonstrations. Apart from the already well-known demands for the entire Serbian government to resign, for top republican officials to receive just the minimum wage, for the freedom of public information, for the Serbian National Guard to be set up, and others, Draskovic noted that the demand for an assembly discussion with the republican president has been already met and went on to stress that a discussion on the flag, national anthem, and the Serbian coat of arms has started.

Draskovic said that preparations for the rally are running smoothly, and hinted that a large number of [SRM] members and sympathizers from outside Belgrade will come to the meeting.

Saying that "demonstrations will last as long as necessary", Draskovic voiced the hope that, unlike 9 March, the police will not attack demonstrators this time.

### Serbia Lifts Ban on Croatian, Slovene Goods

*LD0606090791 Belgrade TANJUG Domestic Service in Serbo-Croatian 0743 GMT 6 Jun 91*

[Text] Belgrade, 6 Jun (TANJUG)—TANJUG has learned that yesterday, Serbia produced a written document informing the federal government of its decision to annul five measures concerning the market. The measures referred to are: A regulation requiring deposits for Slovene and Croatian goods; a regulation under which tax payment is needed for promoting Slovene and Croatian firms, and for the use of building land; a regulation on health inspection of all imported foods; and a regulation on attestations. At the same time the Serbian government informed the Federal Exective Council about its decision to set in motion procedure in the Serbian Assembly to withdraw the above regulations. Meanwhile, and until the assembly procedure is completed, the above regulations will no longer be applied.

At a recent meeting between heads of government of the six republics and Prime Minister Markovic, an agreement was reached to lift all measures restricting the market on 1 June.

Similar regulations, including an additional measure providing for a tax on the use of oil pipelines, were also introduced by Croatia, but so far there has been no official announcement of the decision to withdraw them.

Slovenia also introduced a law on special duties on cattle, meat, milk, and dairy products from other republics, but the law has never been enforced.

### Minister on Status of Slovene Independence

*AU0506162991 Belgrade Radio Belgrade Network in Serbo-Croatian 1300 GMT 5 Jun 91*

[Dragoslav Kosaric report]

[Text] The Slovene Assembly continued work in Ljubljana today discussing the package of laws on independence. Is becoming independent a wish or an objective reality at the moment? The Slovene Assembly will find an answer to this question. Dragoslav Kosaric has more details:

[Kosaric] The central personality of today's meeting of the Slovene Assembly is undoubtedly the brand-new Finance Minister Dusan Sesok, who was given the thankless task of telling the deputies of all three Slovene Assembly chambers the objective truth on Slovene money as one of the fundamental attributes of Slovene independence.

Sesok pointed out in particular that it is possible to realize a normative independence of Slovenia on 26 June, but not an effective one. According to Sesok, on 27 June, that is, the day after, this Yugoslav republic will not have a defined border with Croatia. Besides, the dividing balance of Yugoslavia will not be calculated until that date, either. Citizens of this republic will also not have Slovene passports and, in Sesok's opinion, the Yugoslav People's Army will be present for at least several more years.

Regarding a national currency, which has already been printed but does not yet have a name, it will not be put into circulation because it is technically not at the level of money issued in Europe, Sesok said. We think that this will not be a great problem. Objective difficulties are much bigger. Sesok also admitted that the Slovene currency has no foundation because Slovenia has no foreign exchange reserves. According to the finance minister, to get its own real currency, Slovenia needs 10-12 months. It is obvious

that the government has realized that one must also have the support of international financial institutions.

After being presented objective facts without embellishments, deputies were obviously confused. Joze Smole was given an affirmative answer to the question whether this is the government's stand as well. The Chamber of Associate Labor demanded that the Slovene government urgently give a precise answer on what effective degree of independence Slovenia will have on 26 June.

Vitomir Gros, member of Demos' Liberal Party and vice president of the Slovene Parliament, said resignedly that all that Sesok presented represents a deceit of either the present or past government.

Deputies also started thinking about the possible boomerang effect of formal independence. Thus, one of the businessmen said that Slovene economy must know whether it will be able to sell its products to Serbia on 1 July.

By the way, the outcome of today's talks of Kucan and Peterle with Ante Markovic and General Veljko Kadijevic in Belgrade is awaited with great impatience here.

### Slovene Official Outlines Currency Plans

*LD0506213191 Belgrade TANJUG Domestic Service in Serbo-Croatian 1344 GMT 5 Jun 91*

[Text] Ljubljana, 5 Jun (TANJUG)—All three chambers of the Republic of Slovenia today resumed a session that was adjourned last week. They were discussing laws necessary for Slovene independence. In the morning, the most interesting speech was made by Slovene Finance Secretary Dusan Sesok, who spoke about a package of financial laws, that is, the policy in the area of monetary independence.

Dusan Sesok stressed "Slovenia will effectively be recognized as an independent state when its central bank is recognized. Currency is the last item on the independence agenda," he said.

The finance secretary said that after 27 June, we will travel with Yugoslav passports and the Yugoslav People's Army [JNA] will remain on Slovene territory until this issue is settled. According to him, the main trial for Slovene independence will be drawing up the dissociation balance for Yugoslavia.

Sesok informed the deputies that the republican government has already prepared the currency that will replace the dinar, but it still has no name for the currency. The Republican Executive Council has issued the currency, Sesok said and added that the central bank must issue the currency. Likewise, Sesok said, the currency notes are not well prepared from the technical point of view and can be forged easily, and the currency is not based in foreign currency reserves, which Slovenia does not have at the moment.

Sesok noted that the real money is being prepared and that it will be completed within a year. At a times of great political and economic instability, Slovenia must not venture to issue money, because it is certain that it would soon have inflation and that the money would not be convertable abroad. According to Sesok, a certain quantity of foreign currency reserves will be accumulated by the end of the year.

Sesok stressed that it is a great handicap for Slovenia to remain tied to the dinar, but the republican government is now making realistic proposals. He informed the deputies that the World Bank vice president will arrive in Slovenia on Friday. We believe, Sesok said, that Slovenia must make this normative step because Yugoslavia is in the bottom group in the bank together with Albania. Slovenia must cross that hurdle, Sesok said, and expressed his conviction that Europe and the world will accept it.

Finally, he stressed that Slovenia will face difficulties in the course of the independence process and that living standards will drop, but even if Slovenia develops five percent faster than the rest of Yugoslavia, this will be a step forward. This will also be reflected in the living standard.

Following the introductory speech, only Joze Smole (Socialist) took the floor and assessed that the speech made by the Slovene finance secretary was very honest and realistic, and that this was the time for sobering up. He asked Sesok whether his speech represents the position of the of the republican government.

During the morning session, the Sociopolitical Chamber and the Chamber of Municipalities endorsed draft bills on a Slovene agency for the protection of banks and building society deposits, a bill on prerecovery, recovery, buncruptcy, and liquidation of banks and building societies.

Within the framework of a discussion on the draft law on citizenship, leaders of legislative parties' clubs agreed not to insist on knowledge of Slovene as a precondition for Slovene citizenship, which was called for by a draft law on citizenship.

### FEC, Slovene Leaders Discuss Crisis Issues

*LD0506192591 Belgrade TANJUG Domestic Service in Serbo-Croatian 1830 GMT 5 Jun 91*

[Text] Belgrade, 5 Jun (TANJUG)—Federal Executive Committee [FEC] President Ante Markovic, Army General Veljko Kadijevic, federal secretary for national defense, and Vlado Kambovski, federal secretary for justice and administration, had talks today with Slovene Presidency President Milan Kucan, SFRY Presidency

member Janez Drnovsek, and Lojze Peterle, president of the Slovene Republican Executive Council, in Belgrade.

The talks dealt with topical issues raised by Slovenia's decision on "dissociation" within the context of the resolution of the overall Yugoslav political crisis, the normal functioning of society, the continuation of the democratic reform process, and the ordering of relations in a Yugoslav community on a new basis. It was assessed that there are important activities in the country that will assist such a denouement of the Yugoslav crisis, unlike negative tendencies that are threatening to stop the reform process by bringing about conflicts with very serious consequences.

The issue of sending recruits to the Yugoslav People's Army [JNA] outside the Republic of Slovenia was discussed from the point of view of the JNA position and role in securing a peaceful and democratic settlement of the conflicts in the country.

It was concluded that the FEC, while not questioning the outcome of the Slovene plebscite and a peaceful and democratic process that would take into account the interests of the country as a whole, will be directly engaged in further discussions and resolution of these issues and, in this context, it will address the Slovene Assembly.

### Split Military Police Arrest Four Demonstrators

*LD0606095191 Belgrade TANJUG Domestic Service in Serbo-Croatian 0917 GMT 6 Jun 91*

[Text] Split, 6 Jun (TANJUG)—The Naval District Command today confirmed that military police units have arrested four Split citizens on grounds of criminal responsibility for acts against the Yugoslav People's Army committed during the 6 May demonstrations outside the Naval District Command in Split.

"The military police in Split today arrested Ivan Begonja, born in 1958, from Drnis; Branko Glavinovic, born in 1945, from Split; Ronald Zvonaric, born in 1966, from Dubrovnik; and Mate Sablic, born in 1955, from Tijarica. All four were arrested under Article 106 of the SFRY Penal Code for criminal acts against the armed forces."

One of those arrested, Branko Glavinovic, is suspected, on well-founded evidence, of being the first to climb onto an armored vehicle during the 6 May demonstrations, and to take part in an incident, film of which was shown throughout Yugoslavia and the world.

### Naval Command Protests Croatian TV Statement

*LD0506203791 Belgrade TANJUG in English 1939 GMT 5 Jun 91*

[Text] Split, June 5 (TANJUG)—The command of the naval district of the Yugoslav People's Army today again protested because of "falsehoods and misinformation" announced on Croatian television that an exercise by police units of the so-called Serbian Autonomous District of Krajina was carried out within army barracks. [sentence as received]

The statement by the naval district command said that "this time we most strongly protest because of the statement" by president of one chamber of Croatian Parliament Ivan Vekic on Croatian television [words indistinct].

The statement says that Vekic had "deceived the Croatian public by reporting falsehoods about the exercise." The statement wonders why Vekic had not been informed that the exercise of the so-called Krajina police had taken place in a former camp near Knin, and not within any Yugoslav Army barracks.

The Naval district command also says that it believes it was Vekic's intenton to "stoke the anti-army propaganda campaign in Croatia by spreading misinformation."

The Army statement points out that Croatian televison reported on May 3 that the Krajina police, which is not recognized by the Croatian authorities, would hold an exercise within Yugoslav Army barracks. The naval district command had issued a denial at the time, but Croatian television, the statement says, "did not announce it, although it had been obliged to do so under the law."

### Interior Ministry Denies Illegal Arms Deal

*LD0506203391 Belgrade TANJUG Domestic Service in Serbo-Croatian 1831 GMT 5 Jun 91*

[Text] Zagreb, 5 Jun (TANJUG)—In response to the news of the arrests in the U.S. State of Arizona of three people suspected of involvement in illegal arms trade, as well as the claims that one of them was an employee of the Croatian Ministry of Internal Affairs, the Ministry of Internal Affairs today issued a statement saying that this is not true because not one of these people has ever been or is at present employed by the Croatian Ministry of Internal Affairs.

According to the information available, it is a question of private deals that are in no way connected with the work or the equipment of the Ministry of Internal Affairs of the Republic of Croatia, the statement says.

### Croatian, Macedonian Leaders Discuss Crisis

*LD0506203691 Belgrade TANJUG in English 1945 GMT 5 Jun 91*

[Text] Zagreb, June 5 (TANJUG)—The presidents of the Yugoslav republics of Croatia and Macedonia, Franjo Tudjman and Kiro Gligorov, met in the Croatian capital of Zagreb today to discuss "possible solutions to the Yugoslav state and political crisis."

No details have been given of the talk which, TANJUG learned, was attended by member of the Yugoslav State

Presidency from Croatia Stipe Mesic and President of the Croatian Legislature Zarko Domljan.

The presidents of Yugoslavia's six republics are due to meet tomorrow in Sarajevo, the capital of the Republic of Bosnia-Hercegovina, to resume their talks on the crisis in the country.

Presidents Kiro Gligorov of Macedonia and Alija Izetbegovic of Bosnia-Hercegovina will submit to the Yugoslav summit a new formula for resolving the crisis.

### Gligorov on Proposals Prepared for Next Summit

*AU0506152591 Belgrade Radio Belgrade Network in Serbo-Croatian 1300 GMT 5 Jun 91*

[Text] The sixth summit of the six heads of Yugoslav republics will be held in the villa Stojcevac near Sarajevo. The participants will discuss the proposal of Bosnia-Hercegovina Presidency President Alija Izetbegovic and Macedonian President Kiro Gligorov on the setup of the future Yugoslav community. The meeting is scheduled to open at 1100 and the news conference which will be relayed by television is scheduled to begin at 1800. In a lengthy interview that we will carry later, our journalist Dragan Colovic asked Kiro Gligorov for an interpretation of the basic elements of the proposals the two presidents had prepared for tomorrow's meeting in Stojcevac.

[Begin Gligorov recording] The idea of this proposal proceeds from something that we assume must be in everybody's interest, and that is to preserve the Yugoslav community. That is the basic idea.

Among all those opposed stands, some of which favor secession and others that seek a modern federation, we must find a solution that would ensure preservation of the Yugoslav community even if this involves having only those most necessary, even a minimum of joint functions.

Regarding the contents of the proposal, we are proceeding from the fact that it is important to establish joint interests in four spheres. They are: Economic relations that are undoubtedly clear to everybody and where interests are most prominent. There is also the sphere of human rights because all people living in a community must be treated in the same way regarding basic civil and human rights, and I think that we as a European country should not even discuss this but join those civilizational achievements that have now become a common good. Concerning defense, we are proceeding from the fact that Yugoslavia needs joint defense and joint armed forces, and we also proceed from the fact that republics may have their own territorial units, an idea that already exists in the so-called concept of all-people's defense according to which territorial defense is [word indistinct] in the republican hands. This has been changed a little, but with a reasonable view on this both from economic and defense standpoint, one could find a dividing line and, of course, in the case of danger all these units must be under a single command.

Regarding foreign affairs, we are of the opinion that one should proceed from the fact that it is necessary to preserve Yugoslav community as an international legal subject, but that does not exclude certain subjectivity of the republics concerning all these (?countries) and all those spheres where individual republics have certain interests. [end recording]

### Interethnic Conflicts in Bosnia Reviewed

*LD2705101191 Belgrade TANJUG in English 0946 GMT 27 May 91*

[Dragan Janjic report]

[Text] Belgrade, May 27 (TANJUG)—For the past week, the three coalition partners in the government of Yugoslavia's central Republic of Bosnia-Hercegovina have been unable to reach agreement on an agenda for a regular session of the republican parliament.

In elections held last November, the electorate was divided mostly on an ethnic basis among the parties which rally the three largest ethnic communities in the republic—Muslims, Serbs and Croats.

The results of the elections faithfully reflect the republic's demographic structure, where Muslims account for about 43 per cent of the population, Serbs for 31 per cent and Croats for 17 per cent.

Bosnia-Hercegovina has no ethnically pure regions. The population is mixed, equally in the villages as in the cities.

The Serbian Democratic Party (SDS) accuses the Muslim democratic action party (SDA) and the Croatian Democratic Union (CDU) of joining forces to resolve the Yugoslav crisis in a way which would suit the purpose of the Croatian authorities.

The SDS maintains that Bosnia-Heczegovina can survive only if Yugoslavia survives as a sovereign state, while the two other parties demand that the Republic adopt a declaration of sovereignty.

The Serbian party insists on a retracing of inter-republican boundaries defined after World War Two in case of Yugoslavia's disintegration.

The Muslim and Croat ethnic parties believe that the SDS is under the influence of the Serbian authorities and accuse it of an intention to tear Bosnia-Hercegovina apart in order to help create a "greater Serbia".

Several months ago, the SDS launched a drive for a "regionalization" of the Republic. The communes with a predominantly Serbian population in northwestern and southeastern parts of the Republic have started forming associations of communes, which the Muslim and the Croat parties have strongly opposed.

Bosnia-Hercegovina did not exist as a republic before the end of World War Two. It had been a part of the Turkish Empire until 1878, when it was occupied by Austria-Hungary, which already held Slovenia and Croatia.

Bosnia-Hercegovina became part of Yugoslavia after World War One, and one of six equal Yugoslav republics after World War Two.

During World War Two, most of the republic was part of the so-called Independent State of Croatia, a Nazi-puppet state under Hitler's patronage. In an effort of "ethnic purification", Croatian fascists, known as Ustashas, killed or sent to concentration camps tens of thousands of Serbs.

Serbs now fear a resurrection of the Ustasha movement, which had a considerable following in the Muslim population.

Muslims and Croats, on the other hand, fear Chetniks, the World War Two Quisling military wing of the Serbian royalists who committed atrocities against members of the other ethnic communities.

The straining of relations between Serbia and Croatia over the past few months has directly affected the situation in Bosnia-Hercegovina, exacerbating interethnic tensions and resulting in a reported illegal arming of the population.

As of late, the Yugoslav press has been speculating about a secret arrangement between Presidents Slobodan Milosevic of Serbia and Franjo Tudjman of Croatia to carve up Bosnia-Hercegovina between them in case of Yugoslavia's disintegration.

## First Session of East Hercegovina Assembly

*LD2705225791 Belgrade TANJUG Domestic Service in Serbo-Croatian 1635 GMT 27 May 91*

[Text] Trebinje, 27 May (TANJUG)—The first session of the assembly of the community of municipalities of Eastern or Old Hercegovina was held in Trebinje today. The unanimously adopted statute says among other things that this community is founded on the basis of the common economic, cultural, information, and other forms of socioeconomic and sociopolitical development of the municipalities of Trebinje, Bileca, Gacko, Nevesinje, Ljubinje, Kalinovik, Rudo, and Cajnice, and that it forms part of the federal unit of the Socialist Republic of Bosnia-Hercegovina, and is a constituent part of the SFRY.

It is also indicated that the community is the expression of the sovereign right of all nations living on its territory to realize and direct their own socioeconomic and sociopolitical development in accordance with their own interests. Bozidar Vucurevic, president of the Trebinje municipal assembly, was elected president of the assembly of the community of municipalities of Eastern or Old Hercegovina, the administrative seat of which will be in Trebinje.

At the meeting it was decided that it should be proposed to the muncipalities of Stolac, Dubrovnik, Niksic, and Priboj that they should join this community. A public statement was also issued on the position of the Serbian nation in Eastern or Old Hercegovina, in which it is stressed that the Serbian nation in this region is under daily increasing threat from the fundamentalist-Ustasha conspiracy, as is the entire Serbian nation in the socialist republic of Bosnia-Hercegovina and in Croatia.